

Algeria	6.00	De	1.50	Italy	6.00	De	1.50
Angola	19.50	De	1.50	Japan	100.00	De	1.50
Argentina	1.00	De	1.50	Kenya	100.00	De	1.50
Australia	1.00	De	1.50	Madagascar	100.00	De	1.50
Belgium	1.00	De	1.50	Malawi	100.00	De	1.50
Bombay	1.00	De	1.50	Mali	100.00	De	1.50
Canada	1.00	De	1.50	Morocco	100.00	De	1.50
Ceylon	1.00	De	1.50	Mozambique	100.00	De	1.50
China	1.00	De	1.50	Nepal	100.00	De	1.50
Czechoslovakia	1.00	De	1.50	Nigeria	100.00	De	1.50
Denmark	1.00	De	1.50	Pakistan	100.00	De	1.50
Egypt	1.00	De	1.50	Peru	100.00	De	1.50
France	1.00	De	1.50	Poland	100.00	De	1.50
Germany	1.00	De	1.50	Portugal	100.00	De	1.50
Ghana	1.00	De	1.50	Romania	100.00	De	1.50
Greece	1.00	De	1.50	Russia	100.00	De	1.50
India	1.00	De	1.50	South Africa	100.00	De	1.50
Indonesia	1.00	De	1.50	Spain	100.00	De	1.50
Iran	1.00	De	1.50	Sweden	100.00	De	1.50
Israel	1.00	De	1.50	Switzerland	100.00	De	1.50
Italy	1.00	De	1.50	Taiwan	100.00	De	1.50
Japan	1.00	De	1.50	Tanzania	100.00	De	1.50
Jordan	1.00	De	1.50	Thailand	100.00	De	1.50
Korea	1.00	De	1.50	Togo	100.00	De	1.50
Lebanon	1.00	De	1.50	Tunisia	100.00	De	1.50
Libya	1.00	De	1.50	Turkey	100.00	De	1.50
Luxembourg	1.00	De	1.50	Uganda	100.00	De	1.50
Madagascar	1.00	De	1.50	Ukraine	100.00	De	1.50
Malawi	1.00	De	1.50	USA	100.00	De	1.50
Mali	1.00	De	1.50	Venezuela	100.00	De	1.50
Morocco	1.00	De	1.50	Yugoslavia	100.00	De	1.50
Mozambique	1.00	De	1.50				

# Herald Tribune

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## Anderson Leaves India

### Gas Leak Deaths Climb; Company Offers \$1 Million

NEW DELHI — The chairman of the Union Carbide Corp., Warren M. Anderson, who was freed on bail after his arrest in connection with a gas leak from a company plant in central India that left about 2,500 people dead, left the country Sunday by private plane.

Hospital spokesmen in the city of Bhopal, where the plant is situated, said that they had treated 125,000 victims of gas poisoning since the accident on Monday. The death toll was placed unofficially at 2,500.

Following Mr. Anderson's departure, Union Carbide announced that nearly \$1 million in aid would be made available for victims of the accident. The company also said it was setting up an orphanage in the city.

Lawyers from the United States, meanwhile, have begun arriving in Bhopal to gather evidence for lawsuits that are expected to demand billions of dollars in compensation for victims of the leak.

Melvin Bell, the San Francisco trial lawyer, was scheduled to arrive in New Delhi early Monday to gather evidence for a \$15-billion lawsuit that has been filed in the United States against Union Carbide.

The suit was filed Friday in Charleston, West Virginia. It contends that the chemical company was negligent in the design and operation of the Bhopal plant.

Filed in U.S. District Court on behalf of two families in Bhopal, the suit asks that the case be named a class action on behalf of all the victims.

The lawsuit cited poor design of the plant's storage facility and said that Union Carbide had failed to install a computerized early-warning system as has been in place at a similar facility in the United States.

It also contends that the company failed to warn citizens who lived near the plant of the dangers of the gas. Union Carbide, according to the suit, has offered compensation to the victims that is "woefully inadequate by any standard" and that it was done "without informing the victims of their various rights to compensation."

Union Carbide, in announcing its aid plan, said Sunday that "the management sincerely hopes that with the efforts the company is making and shall continue to make, together with the mutual cooperation and understanding of everyone concerned, the suffering (Continued on Page 2, Col. 7)



President Ferdinand E. Marcos of the Philippines raised his shirt at a cabinet meeting Saturday to counter widespread rumors that he had had major abdominal surgery.

## Marcos Bares His Torso To End Rumors of Illness

MANILA — President Ferdinand E. Marcos, seeking to quell rumors that he underwent major surgery, bared his chest at a cabinet meeting Saturday and said any official who doubted his good health should resign, according to official reports.

"If there is any member of the cabinet who does not believe we can maintain our dominance over the situation, I think the earlier they get out the better," the official Philippine News Agency quoted Mr. Marcos as telling the gathering in his study at Malacanang Palace.

Mr. Marcos, 67, who has been in power since 1965, laughed as he unbuckled his shirt and collar. His demonstration appeared to draw sympathetic laughs from his top civilian and military aides. A three-minute clip of the scene was shown on state television.

It was the first cabinet meeting that Mr. Marcos has called since he dropped out of public view on Nov. 14, triggering rumors that he was seriously ill, had undergone major surgery, or was dying. The palace repeatedly denied the rumors.

The news agency said that Mr. Marcos's statement telling doubting cabinet members to resign was a reaction to a recent New York Times report quoting the labor minister, Blas F. Ople, as saying that Mr. Marcos's health was undergoing "certain vicissitudes" and

that while he was in control he "cannot take major initiatives at this time."

Mr. Ople was absent from the 90-minute meeting and could not be reached for comment. Palace sources said he was abroad, possibly in the United States.

An presidential palace news release later said that Mr. Marcos had sent Mr. Ople a letter telling him to "desist from issuing any more world-shocking statements that do not jibe with the truth" and to cut his trip short.

Five hours after the meeting, also attended by Mr. Marcos's top military commanders, the government's television station broadcast film of the session, showing a laughing Mr. Marcos raising his shirt to reveal a scarless torso.

Stroking his chest, Mr. Marcos asked, "How? Is this a sign of a heart bypass operation?"

He then asked his appointments secretary, Mariano Ruiz, who underwent that kind of operation four years ago, to unbuckle his shirt and show his scarred chest.

"Go ahead, go ahead, show it," Mr. Marcos said, and Mr. Ruiz obliged, to more laughter.

"If he's well, that's good for him," said Abraham Sarmiento, a high-ranking leader of the opposition Nationalist Alliance for Justice, Freedom and Democracy. "It would be un-Christian to wish him ill health."

## 2 Activists Are Freed In Poland

### Treason Counts Are Dropped for Lack of Evidence

WARSAW — Polish authorities have freed two Solidarity leaders who had been imprisoned for six months and dropped treason charges against them for lack of evidence.

The two men were released Saturday. One, Bogdan Lis, vowed that on his return to his home in Gdansk he would continue to work with the underground union organization he helped to found after the imposition of martial law in December 1981.

"I am planning to operate and have contacts with illegal underground Solidarity leadership," Mr. Lis said at his apartment in Gdansk, where he was greeted by the founder of Solidarity, Lech Walesa.

"We are stronger by two union officials now," Mr. Walesa said of the release of Mr. Lis and Piotr Mierzejewski from Warsaw's Rakowiecki jail, where they had been held since June on charges of treason.

The two union leaders were driven home in separate vehicles Saturday, hours after the state television announced that they would be freed under an amnesty for political prisoners set up in July.

It was not confirmed, the television report said, "that their crime was a reasonable offense."

The release of Mr. Lis and Mr. Mierzejewski was seen as a gesture aimed at persuading the United States to lift sanctions imposed against Poland after the declaration of martial law.

Mr. Lis was among the organizers of the independent Solidarity union and went into hiding when it was outlawed under martial law. He helped form the underground Solidarity and was regarded as its second-in-command.

Students Occupy Classrooms Polish students angered by the removal of crucifixes from their school in Wloclawka have been occupying their classrooms despite pressure from local authorities, Reuters reported.

Up to 150 students, aged between 15 and 20, have occupied rooms and corridors in a vocational school in Wloclawka, a town 105 miles (170 kilometers) south of Warsaw, for the past week.

Reporters saw a red-and-white banner draped across the school's walls proclaiming: "We were true to God in days of victory, we rejoining the upsurge of violence, which



Bogdan Lis is greeted by his mother in Gdansk.

## Sri Lanka Sets Curfew In Many Tamil Districts

COLOMBO, Sri Lanka — A weekend curfew was imposed on minority Tamil districts in the north of Sri Lanka, the government announced Sunday, and in the south thousands of youths flocked to join the army.

On Saturday, soldiers and police raided three guerrilla hideouts in Jaffna in their biggest security operation yet, the government said, detaining about 200 persons.

National Security Minister Lath Athulathudali said the operation was a success. Police said they found military uniforms, ammunition, bombs and separatist literature.

The government announced a 42-hour curfew from noon Saturday for the Jaffna Peninsula and northern Mullaitivu area to stem separatist violence. At least 370 persons have died in the violence during the last three weeks.

Much of the northern tip of the island has been under night curfew since guerrillas stepped up their campaign for a separate state for the country's 2.6 million Tamils.

As state radio spread the curfew announcement, thousands of youths of the majority Sinhalese ethnic group lined up at recruiting centers in the south to join the army in response to a government appeal. The navy mobilized volunteers two days earlier and the air force recruited 450 volunteers last week.

The government has set up civil defense groups and mobilized militias to protect key installations during the upsurge of violence, which it says is aimed at provoking an anti-Tamil backlash from the majority Sinhalese in the south.

There have been no reports of serious communal fighting, but sources said Friday that the army had killed civilians in revenge for guerrilla attacks on soldiers.

Government sources said 102 persons died in shooting incidents near the town of Mannar after rebels blew up an army convoy last Tuesday, killing one soldier. The sources said most of the shooting victims were Tamil civilians.

The government denied that soldiers had gone on a rampage, but Mr. Athulathudali said Friday that it would investigate the shootings and discipline anyone found responsible.

A U.S. presidential envoy, General Vernon C. Walters, was due to arrive in Colombo on Sunday to confer with government officials on the violence. The Associated Press reported in Colombo.

Government and U.S. Embassy sources confirmed that General Walters would hold talks with President J. R. Jayawardene, Mr. Athulathudali and other senior officials.

Sri Lankan sources said the government was expected to ask General Walters for a supply of U.S. military equipment to fight the guerrillas.

Until now, the U.S. government has said it views the conflict as a domestic problem that Colombo should resolve with a negotiated political settlement.

## Iranians Storm Hijacked Jet; Last Hostages Reported Free

TEHRAN — Iranian security men stormed the hijacked Kuwaiti airliner at Tehran airport Sunday night and the hijackers surrendered, the Iranian news agency IRNA reported.

The agency said the hijackers and hostages were seen coming down the stairs from the plane with their hands raised above their heads.

Earlier, the hijackers had released seven more of the hostages, IRNA said.

The hijackers, who said they had killed two U.S. officials and two other hostages, had earlier freed a total of 146 people, mostly Pakistanis. On Saturday, 39 were set free.

IRNA did not say how many hostages were left on board the plane before the hijackers surrendered but, by previous official Iranian accounts, the release of the latest seven would have left only three hostages.

The report appeared to suggest, however, that a British pilot and a British flight engineer, both employed by Kuwait Airways, may have been freed.

The hijackers had threatened to kill another American and three Kuwaiti officials if Kuwait did not free a group of Shiite Muslims jailed there for bombing the U.S. and French embassies a year ago.

The storming of the plane came a few hours after the hijackers read their last will and testament to the control tower at Tehran airport and said they would blow up the Kuwait Airways Airbus if Kuwait did not meet their demands.

Minutes after freeing the seven, the hijackers repeated their threat to blow up the plane, which they commandeered early Tuesday, IRNA reported.

The airport control tower had asked the hijackers to give officials until midnight Sunday, local time, before taking any further action. The hijackers had not replied, the agency said.

According to diplomats in Tehran, the hijackers are three Lebanese and two Palestinians.

After the threat to blow up the plane, the hijackers had refused food and drink and cut communication with the tower. But less than two hours later they re-established contact and accepted food packages, IRNA said.

Earlier in the day, the hijackers demanded that the government of Kuwait send them another plane to take them out of Tehran, according to Tehran radio.

The demand for a replacement aircraft seemed to confirm that the Airbus was no longer airworthy since 13 windows were shattered in a shooting incident on Friday. Airline sources said, however, that it might be possible to fly the plane at up to 9,000 feet (2,743 meters).

Tehran radio also said Sunday that, over the radio link with the control tower, the hijackers could be heard beating Kuwaiti hostages, whose yells of "save us" could be heard over the radio.

A state of emergency imposed at the airport by the Iranian authorities continued, although incoming and outgoing flights were continuing, the Iranian news agency said.

The aircraft was surrounded "at some distance" by fire engines and ambulances, the agency added.

It said the hijackers, in addition to reading their will, told the control tower they had finished planting explosives inside the plane and were saying their final prayers.

Meanwhile, Iran and Kuwait exchanged acrimonious statements and each tried to make the other take responsibility for the decision on whether or not to send in security forces.

A spokesman for Iran's Foreign Ministry told Tehran radio that Iran had proposed storming the aircraft as one of several ways of breaking the impasse but that Kuwait had not given an explicit reply.

Kuwait's foreign minister, Sheikh Sabah al-Ahmed al-Sabah, was quoted by the Kuwait News Agency as formally denying that Kuwait had barred an assault and saying that Iran bore full responsibility for handling the hijacking.

Mustafa Mir-Salim, an adviser to Iran's president, Ali Khamenei, replied that Kuwait had, by walking out on the negotiations, "inevitably shown their lack of concern towards their responsibility in this respect."

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The art markets are even riskier than usual for the investor. Page 7.

## Lugar Plans Hearings to Build U.S. Foreign Policy Consensus

By Bernard Gwertzman  
New York Times Service

WASHINGTON — The new chairman of the Senate Foreign Relations Committee says he plans to conduct a sweeping public review of U.S. foreign policy next month to see if ways can be found to produce a broader national consensus.

The committee chairman, Senator Richard G. Lugar, Republican of Indiana, outlined his ideas for holding several weeks of hearings in an interview on Friday.

Mr. Lugar said that he did not intend the inquiry as a criticism of the administration. Rather, he said, it was an effort to educate Congress and the public on where the country stood internationally as well as to repair some of the rifts between Democrats and Republicans widened by the recent presidential campaign.

He said that witnesses would include Secretary of State George P. Shultz and other senior Reagan administration officials, as well as prominent public figures, such as Henry A. Kissinger and Cyrus R. Vance, former secretaries of state,



Richard G. Lugar

and leading foreign policy experts from the academic and business worlds.

Mr. Lugar seemed particularly eager to minimize the conflicts between the administration and Congress, which have been evident in the last several years over such foreign policy issues as arms control and Central America, and to seek a consensus between Republicans and Democrats wherever possible.

Mr. Lugar said that it might not be possible to resolve differences in all areas. But he said he hoped the hearings could define the areas of disagreement.

Without criticizing his predecessor, Senator Charles H. Percy, the Illinois Republican who was defeated for re-election last month, Mr. Lugar said he expected the committee to become quite "activist."

"It seemed to me this would serve several purposes," he said. "We have some new opportunities apparent in our relationship with the Soviets."

"We are clearly at various juncture points in Central America and the Middle East, with our trade policies," Mr. Lugar added, "and it is a sort of a good time to tie these things together in see whether there

are areas in which the committee is going to be broadly supportive, and there are areas in which we have some doubts, and therefore want to consult some more with the administration."

The senator acknowledged that his call for hearings on "the totality of American foreign policy" was a departure from the usual pattern of hearings limited to a particular area or piece of legislation or a pending nomination.

He said that he expected to hold the hearings in "the first few weeks of the session," in "a straightforward, highly publicized manner."

By doing so, he said, the committee could establish itself "as an activist committee that is going to be the focal point of foreign policy considerations in the Senate, prepared to do its duty in informing all the members, and in highlighting the arguments we may have."

Mr. Lugar, 52, has been regarded as one of President Ronald Reagan's closest supporters in Congress. He said, when asked how he saw his relationship with the White House: "I think it is fair to say that I share the basic assumptions of the

president and secretary of state in regard to foreign policy."

On specific issues, Mr. Lugar said that he would continue to vote for financing for the MX missile. It is expected that Congress will be asked in March to approve \$1.5 billion for the deployment of the first 21 of 100 such missiles.

Senator Barry Goldwater, Republican of Arizona, the new chairman of the Armed Services Committee, said last week that he would oppose the MX financing.

As to foreign aid, Mr. Lugar said he had "no feeling at this point" whether he would support increased aid for Israel. Faced with severe economic problems, Israeli officials have said they would ask for a sharp increase in aid, from the current level of \$2.6 billion in \$4 billion for the next fiscal year.

"In a year when draconian measures are being taken on the overall budget," Mr. Lugar said, "foreign aid will not be immune from that."

He did acknowledge a "basic commitment" to help Israel out of its economic dilemma but said it was premature to make any judgments.

with their children along the Via Montenapoleone and Via Spiga, browsing the elegant shops that make the neighborhood a cross between New York's Fifth Avenue and Paris's Rue du Faubourg St. Honoré.

Inside the Duomo, a haunting Gothic cathedral begun in the 14th century and finished only in the 19th century under orders from Napoleon, a solemn Mass marked St. Ambrose's day.

Perhaps the most typical Milanese ceremony was the one that transpired Friday morning inside the Palazzo Marino, Milan's city hall. Mayor Carlo Tognoli and the city fathers had chosen 58 citizens and organizations to reward for bringing honor to the town.

Some were internationally distinguished. Ludina Barzini, a journalist and politician, accepted a posthumous award on behalf of her father, Luigi, who was praised as a "journalist and writer of great personality and lively independence of judgment."

There was a certain irony to the award, since Barzini's "lively independence" and his caustic wit about his homeland were precisely what could enrage Italians and Milanese.

But not only the famous were singled out. Emilia Arienti, who made leather goods for 50 years in one of Milan's

working-class neighborhoods, was cited for her "seriousness and professionalism." Lorenzo Cesano, a policeman, was cited for rescuing a blind man who had fallen into a canal.

In a country that is part Communist, part Roman Catholic and part titled nobility, Milan also is rare as the quintessential bourgeois, commercial town. The junches do not go on nearly as long as they do in Rome; waiters begin to shoo people out of restaurants at the unseasonably hour of 3 P.M. Even on St. Ambrose's day, the stores stay open.

For many in Milan, this day meant the beginning of the skiing season, and the roads around town were snarled with cars heading for the Alps.

St. Ambrose's feast also marks another occasion in Milan, the opening of the opera season at La Scala.

On the list to attend the opening performance on Friday were Princess Caroline of Monaco and her husband, Stefano Casiraghi; Patricia Gucci; Chicco Olivetti, and ambassadors and Italy's political leaders, including President Sandro Pertini and Prime Minister Bettino Craxi.

Like many institutions in Italy, La Scala is subject to partisan politics, and so is the distribution of opening-night tickets. The local administration in Milan is Socialist, and so

(Continued on Page 2, Col. 5)



Italian workers demonstrating outside the La Scala opera house in Milan on the opening night of the season, with President Sandro Pertini and other dignitaries in attendance.

## Milan Celebrates Feast of St. Ambrose, Its Businesslike Patron

By E.J. Dionne Jr.  
New York Times Service

MILAN — St. Ambrose stared down from the ornate gold, red and blue tapestry, a whip in one hand and a bishop's staff in the other, as Milan's mayor handed out honors to citizens of a city whose residents sometimes call themselves "Ambrosiani."

He had a stern look, this version of St. Ambrose, a glance that came naturally to the man who put the Christian church in Milan on its feet in the fourth century. By some accounts, he was a kind of saintly organization man.

"The Roman Empire was in the process of collapsing, the church was the one strong institution and St. Ambrose set about getting organized," said Giorgio Rumi, a scholar at the University of Milan.

To some indeterminate degree, Milan owes its identity to that saintly organizer. And so Italy's business capital, the place where a whiff of Teutonic efficiency mixes with Italian lightheartedness, sets aside Dec. 7 every year to celebrate its saint.

On Friday, a lively market was doing a booming business outside the St. Ambrose Basilica.

In the nippy air, well-dressed men and women strolled

with their children along the Via Montenapoleone and Via Spiga, browsing the elegant shops that make the neighborhood a cross between New York's Fifth Avenue and Paris's Rue du Faubourg St. Honoré.

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## Japanese Protest U.S. Ship's Visit

Thousands of people marched around a U.S. naval base at Yokosuka, near Tokyo, on Sunday to protest a scheduled visit Monday and Tuesday by the U.S. aircraft carrier Carl Vinson, which the protesters say is carrying nuclear arms.

The protesters, many of them young people, carried signs and banners, some of which read "No Nukes" and "No U.S. Ships in Japan."



## African Nations Reject Pretoria's Terms for Settlement in Namibia

**United Press International**  
HARARE, Zimbabwe — The six African "front-line" nations rejected new U.S.-backed proposals aimed at breaking the deadlock over independence for South-West Africa, according to Prime Minister Robert Mugabe of Zimbabwe.

Mr. Mugabe, in an interview with the government-controlled Zana news agency on Saturday, said the decision to reject the proposals by South Africa was made Friday during a four-hour meeting of leaders of the six states in Tanzania. The prime minister sharply criticized both the United States and South Africa in his remarks.

He said that President José Eduardo dos Santos of Angola presented South Africa's latest proposal, an offer to withdraw its troops from South-West Africa — also known as Namibia — in exchange for the pullout of about 25,000 Cuban troops in Angola.

Mr. Mugabe described the proposal, which is similar to earlier

offers, as "arrogant and an interference" to Angola's internal affairs.

"Our conclusion is that the United States and South Africa are acting fraudulently on the whole question," Mr. Mugabe said, "and the sooner the international community reverts to the United Nations Security Council for ways and means of implementing UN Resolution 435 the better."

South Africa administers Namibia in defiance of the UN resolution, which establishes a formula for its independence. The United States has backed South Africa's insistence that a withdrawal of its troops from Namibia be linked to a Cuban pullout from Angola.

"We are now wiser after the briefing given us by President dos Santos than we were a few weeks ago after the briefing we got from Chester Crocker," the U.S. assistant secretary for African affairs, Mr. Mugabe said.

Last month, Mr. Crocker gave Angola the South African proposi-



Robert Mugabe

als, which called for the withdrawal of the Cubans within 12 weeks, Mr. Mugabe said.

He said that South Africa also demanded that the Cuban troops not be replaced by troops from other East bloc countries and that the South-West Africa Peoples Organization, fighting for the independence of Namibia, should agree to a unilateral cease-fire.

The six "front-line" states confronting South Africa in negotiations over Namibia's independence are Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

## UN Staff Protest Loss of Pay Raise, Plan to Stage Walkout Wednesday

**By James Feron**  
**New York Times Service**  
UNITED NATIONS, New York — Thousands of United Nations employees here and abroad plan to walk off their jobs for part of the day Wednesday in a "worldwide day of solidarity" against budget-cutting efforts that threaten a cost-of-living increase.

The dispute, which pits employees against delegations seeking to reduce costs, flared into the open just over a week ago when the General Assembly suspended the second stage of an 8-percent wage adjustment that was to take effect Dec. 1.

The assembly was responding to a joint economy move by two unlikely allies, the United States and the Soviet Union, which together provide 38 percent of the \$720-million regular budget of the United Nations. They sought initially to eliminate the cost-of-living increase.

Alan L. Keyes, a U.S. representative, had said earlier in the budget committee that the United States favored the current salary

system. It calls for international civil servants to be paid at a level corresponding to the best-paid national civil service, in this case the United States, plus a small premium.

But salaries here, Mr. Keyes said, are now almost 40 percent higher than U.S. government pay, rather than the "historically acceptable" 15 percent. He said the secretariat staff had become an elite group in terms of living standards.

George Irving, head of the United Nations Staff Union, said last week, however, that a study by the International Civil Service Commission, based on total compensation, showed a margin of only 10.6 percent. He said the staff union would appeal the assembly decision to the administrative tribunal, a UN appeals panel.

Salaries of professionals here, representing roughly half the 7,000-member headquarters staff, range from \$27,200 a year for an entry-level employee to \$129,000 for an undersecretary general, with a typical mid-career salary of \$60,000.

Mr. Irving said the United Nations staff was "largely expatriate with no access to national social programs and often limited to a single-income source since family members are not permitted to work."

The Soviet position, he said, was consistent with its "opposition to an independent international civil service," while Washington's action followed "attempts to curtail the salaries of its own civil servants."

Mr. Irving also noted that Congress had passed legislation "saying they would simply refuse to pay the adjustment if it had gone through."

He also questioned whether U.S. civil service pay should be used as the standard, because those salaries "are now some 18 percent below comparable private-sector salaries."

Jeanne J. Kirkpatrick, who heads the U.S. delegation, said recently that, together with the Soviet Union, "we've been working for a number of years to introduce more fiscal responsibility into the budget process, and we've made quite a bit of progress."

## WORLD BRIEFS

### France Said to Let Libya Stay in Chad

**KINSHASA, Zaire (AP)** — France has decided to tolerate Libya's military occupation of northern Chad and will take no further military action to dislodge Libyan troops in the region, an official close to President François Mitterrand of France said here Sunday.

The official, who asked to remain unidentified, told reporters accompanying Mr. Mitterrand on a weeklong African tour that there are now between 3,000 and 5,000 Libyan regular forces remaining in northern Chad, despite an announced agreement for a simultaneous withdrawal of Libyan and French troops.

In a related development, President Mobutu Sese Seko of Zaire dropped his planned boycott of a French-African conference scheduled to begin Monday in Bujumbura, capital of Burundi. The state-run Zaire radio said Mr. Mobutu decided to attend the meeting "as a gesture of politeness" to Mr. Mitterrand, despite his unhappiness over France's acquiescence in Chad.

### Bahamian Tanker Attacked in Gulf

**BAHRAIN (Reuters)** — A tanker registered in the Bahamas, the 163,155-ton B.T. Investor, was damaged by a missile Sunday in the Gulf south of Iran's Kharg Island oil terminal, Gulf shipping sources said.

An Iraqi military spokesman said the Iraqi aircraft had hit a "large naval target" in the Gulf, Baghdad radio reported. He repeated earlier warnings that shipping should keep away from the Iraqi-declared war zone around Kharg.

Lloyds of London said the B.T. Investor had suffered a hole above the waterline and one of its tanks was damaged, but there was no loss of life. The tanker was being towed to Bahrain, shipping sources said.

### U.S. Congress Panel Travels to Hanoi

**MANILA (UPI)** — A U.S. congressional delegation went to Hanoi on Sunday for talks with officials there on the fate of thousands of Vietnamese being held as political prisoners because they worked with Americans during the Vietnam War.

The six-member bipartisan delegation also plans to travel to Phnom Penh during its fact-finding mission. It would be the first such trip into Cambodia since the invasion by Vietnam in 1979.

The delegation also is to discuss the fate of about 2,500 U.S. servicemen listed as missing in action in Indochina, the "Orderly Departure Program" of children with American fathers and the effects of the toxic defoliant Agent Orange that was used by U.S. forces during the war.

### Relative of Mafia Informer Murdered

**BAGHERIA, Sicily (AP)** — The brother-in-law of a jailed Mafia boss whose confessions spurred a crackdown against organized crime has been shot to death in Sicily in what police called a vendetta slaying.

Police officials said Pietro Busetta, 62, was shot three times Friday night by an unidentified man as he and his wife prepared to enter their home in the town of Bagheria. They said his wife, Serafina, was not harmed during the shooting. The town is nine miles (14 kilometers) from Palermo, a major battleground for the Sicilian underworld.

Mr. Busetta was the brother-in-law of Tommaso Buscetta, the jailed Sicilian mobster whose confessions have brought more than 100 arrests after he was extradited to Italy from Brazil last July. Police said Mr. Busetta had no previous criminal record or suspected ties to the Mafia.

"We have no doubt that the slaying was in retaliation for Buscetta's confessions," said a Palermo police official, who spoke on condition that he not be identified.

### For the Record

Anti-British mourners in Londonderry, Northern Ireland, buried on Saturday two Irish Republican Army men shot by British troops. In protest, vehicles in Londonderry and Belfast were hijacked and burned. There were minor scuffles between police and mourners.

**(UPI)** Bishop Desmond M. Tutu, the South African winner of the Nobel Peace Prize, arrived Saturday in Britain after his meeting with President Ronald Reagan. Bishop Tutu said that the release of 11 South African labor leaders, which Mr. Reagan said came from quiet diplomacy, was more likely the result of large U.S. anti-apartheid demonstrations.

**(UPI)** The new Roman Catholic apostolic administrator of Bucharest, Bishop Ioan Robu, 39, was consecrated at the Vatican on Saturday in a move seen as a significant improvement in relations between the Holy See and Romania. He was appointed in October.

**(Reuters)** The Basque separatist organization ETA (Basque Homeland and Liberty) claimed responsibility Sunday for a bomb attack on a military convoy near Bilbao, Spain, that killed three soldiers and wounded 11 on Friday. A car bomb containing 55 pounds (25 kilograms) of plastic explosives was set off when the military convoy passed near an infantry barracks at Mungia, near Bilbao.

**(AP)** Larry Flynt, publisher of *Hustler* magazine, did not libel the Reverend Jerry Falwell with a fake ad depicting him as an inebriated drunkard, a jury in Roanoke, Virginia, found Saturday. But the jury awarded the Moral Majority leader \$100,000 in compensatory damages and \$100,000 in punitive damages for the emotional distress.

**(AP)** The 10 EC nations signed an agreement in Rome Sunday to provide \$5 billion European Currency Units (\$6.2 billion) in aid and trade assistance to 65 countries in Africa, the Caribbean and the Pacific.

## Chile Crushes Opponents At a Rising Political Cost

**By Jackson Diehl**  
**Washington Post Service**  
SANTIAGO — A month of strong repression by the government of President Augusto Pinochet has largely smothered his opposition. But the mounting political costs of the crackdown suggest that the general's hard-line policies cannot be sustained, say diplomats and political analysts here.

Since declaring a state of siege on Nov. 6, General Pinochet has managed to return his opponents to the inconspicuous role they held before mass protests against the 11-year-

revival of opposition movements that reject General Pinochet's plans to rule until at least 1989.

Yet, unless General Pinochet lifts the state of siege and initiates some kind of political plan, he may face even more dangerous resistance from civilian and military moderates eager to prevent a violent polarization of the country.

"He can't keep the troops in the street until 1989," said Ricardo Lagos, president of the opposition Democratic Alliance. "But he can't stop protests without them."

General Pinochet has made clear his intention to force dissenting sectors to accept the political model embodied in the 1980 constitution. Under that plan, Chile will move slowly to a limited democratic system that excludes leftist parties and grants exceptional powers to the armed forces.

The government repression has appeared carefully tailored to minimize public alarm that could be turned to the opposition's advantage. Hundreds of organizers and middle-level activists of political parties have been arrested and sent into internal exile. But no top leaders have been persecuted visibly.

Troops turned out to force to halt two days of demonstrations organized by the opposition nearly two weeks ago. Yet paramilitary forces remained off the streets, and for the first time since national protests began in May 1983, no fatalities were reported.

Nevertheless, the military campaign has begun to provoke strong pressures from some of the government's staunchest civilian supporters. Three rightist parties have taken a stand against the state of siege.

Several informed observers said



Some of the 5,000 residents of a Santiago slum leaving a stadium after identity checks. They were held after guerrillas killed a policeman and bombed a subway station last week.

### NEWS ANALYSIS

old military government began last year. Political debate and public criticism of the government have ceased abruptly, leftist movements have been driven underground, and attempts to organize protests largely have failed.

The underlying political condition appears more unstable. General Pinochet's policies also have brought him into direct conflict with many of his own civilian supporters, as well as with the Roman Catholic Church and the U.S. government.

While eliminating a program of political liberalization strongly favored by these sectors, General Pinochet has not yet offered an alternative plan. Moreover, the terrorism that is the declared object of the crackdown has appeared to increase.

Many political analysts here say the president now faces a difficult dilemma. The government cannot return to its promised transition to democracy without risking a quick

defections were matched by differences within the government over General Pinochet's policies.

Interior Minister Sergio Onofre Jarpa Reyes tried last year to negotiate a political plan with leftist opposition parties. He has assured several diplomats and politicians that he continues to favor plans for political liberalization and is supported by large sectors of the armed forces.

Opposition leaders have seized on the signs of trouble within the right as evidence that General Pinochet has suffered a "political defeat" for his policies. However, traditional conservative sectors remain unwilling to join the opposition cause.

While describing the government as trapped, opposition leaders con-

cede that their position has also deteriorated. Although centrist and leftist fronts are continuing to plan demonstrations, the recent failed protests indicated that their movement has neither the organizational strength nor the public support to defy a military crackdown.

Moreover, even the threat of a state of siege has failed to mend deep divisions among centrist and leftist parties.

U.S. officials and some government supporters say the only peaceful solution to the political impasse is a renewed government move toward political transition that wins at least tacit acceptance from the centrist opposition.

The Marxist left would necessarily be excluded from such a process. This would all but recreate the

U.S.-backed center-right alliance that debilitated the rule of the socialist president, Salvador Allende, before the coup.

However, both General Pinochet and his opposition rejected such schemes last year, and their architect, Mr. Jarpa, has lost credibility even among the government's supporters.

Both rightist and opposition politicians say they believe General Pinochet will be obliged to lift the state of siege and ease the crackdown in the coming months. But few believe the political conflict is near solution.

The state of siege "is like giving morphine to the sick patient," said Andres Allierand, the leader of the rightist Movement of National Union. "It just makes the situation worse."

## U.S. Seen Deadlocked on Approaches to Managua

**By Philip Taubman**  
**New York Times Service**  
WASHINGTON — The Reagan administration is deadlocked over the development of new approaches for dealing with Nicaragua, according to senior national security officials.

Many senior officials said they believe that the current policy, which was introduced three years ago on the premise that Congress would provide aid to Nicaraguan rebels, has become unrealistic and out of step with developments in Nicaragua and Washington.

As a result, a number of new policy options have been proposed in recent weeks but none has proven acceptable to a majority of officials.

One proposal, presented by the Defense Department in late November, called for recognizing the rebels as the legitimate government of Nicaragua and then asking Congress to give them overt military aid. It was later withdrawn because

of lack of support within the administration, the officials said.

They reported that other options, ranging from the use of military force against Nicaragua to negotiation of a political settlement, also are opposed by many senior officials.

After President Ronald Reagan's re-election, administration officials said, Secretary of State George P. Shultz pressed the White House to approve an intensification of diplomatic approaches to Nicaragua. They said he appeared to be gaining support when the administration's attention was diverted in mid-November by the Soviet Union's offer to conduct talks about renewing arms limitation negotiations.

"The two main alternatives to current policy — outright military intervention or a political solution — are both unacceptable," one State Department official said, "but there's no agreement on what else to do."

The current policy, which rests on the conclusion that Nicaragua has served as a base for Soviet and Cuban subversion in Central America, has emphasized the use of the rebels to press the Sandinists to modify their behavior.

At the center of the current concern is whether the rebels can counter, without further American aid, the recent acquisition by Nicaragua of new Soviet weapons, including heavily armed and maneuverable Mi-24 attack helicopters that are considered especially effective against insurgent forces.

In October, as part of a budget compromise, Congress approved \$14 million to covert aid for the rebels for the current fiscal year, but stipulated that no money be spent unless it renews approval some time after March 1, 1985. Renewal is considered unlikely, particularly in the House of Representatives, which repeatedly has voted against additional support.

Although the rebels have sustained themselves in recent months with private donations and help from other governments, some administration officials question whether the insurgents can survive through 1985 without U.S. aid. If the rebels collapse, many administration officials say, U.S. policy will be at a dead end.

For that reason, the officials said, the Pentagon, at the direction of Fred C. Ikle, the undersecretary of defense for policy, proposed transferring diplomatic recognition to the rebels and asking Congress to provide them with the same kind of overt military assistance that the United States gives to many nations.

The recommendation was withdrawn, according to Pentagon and State Department officials, in the face of strong opposition from the State Department, including warnings that if the United States recognized the rebels and gave them military aid, Washington might ultimately be forced to come to their defense with U.S. military force.

The stalemate within the administration over Nicaragua is said to revolve around three officials: Mr. Shultz, Mr. Ikle, and William J.

Casey, the director of Central Intelligence. According to administration colleagues, each man and the agency he represents advocate a somewhat different approach toward Nicaragua.

Although there is a consensus among the three men and within the administration that the military buildup in Nicaragua should be curtailed and that the Sandinists must move toward democratic rule, there are major differences over how to achieve those goals, according to White House, State Department, and Pentagon officials involved in the shaping of policy toward Nicaragua.

Mr. Shultz, the officials said, has advocated seeking a political settlement through direct talks between Washington and Managua and through the effort of four Latin American nations, known as the Contadora group, to develop a regional peace plan for Central America.

Mr. Casey and Mr. Ikle are wary of a political settlement, according to administration aides. The aides said Mr. Ikle and Mr. Casey fear that Nicaragua would not abide by any agreement and that even the best terms would, in effect, sanction a Soviet and Cuban role in Central America.

The CIA director, who has been a leading proponent of the rebels and took a personal hand in directing their operations through the Central Intelligence Agency, has told the White House that the insurgents can remain a viable force even without U.S. aid, according to a White House official.

Administration officials said that unless Mr. Reagan and his national security adviser, Robert C. McFarlane, tried to resolve the policy differences, it was unlikely that alternatives to current policy would gain acceptance.

## Milan Fetes Patron Saint

**(Continued from Page 1)**  
is La Scala's superintendent, Carlo Badini. "I mean," one knowledgeable Milanese said, "that the friends of the Socialists are the first to get tickers."

"Since it is not necessarily fashionable to be friends of the Socialists," this Ambrosiana said, "many of the town's most fashionable people don't want to go on opening night. And some of the nobility views going on opening night as an affront of the bourgeoisie, so they prefer to go later."

Before they got to the parties, La Scala's formally dressed opening-night patrons were greeted by a group of demonstrators jeering and chanting slogans. A spokesman for La Scala said the demonstrators were from a factory that is on strike. "They just want to shout at rich people," he said.

What remains from St. Ambrose is not just fashion or orderliness. Among other things, Mr. Rumi noted, St. Ambrose contributed a separate liturgy to Roman Catholicism, a form of social organization based on small parishes and a sense of identification between his city and Christianity that has survived waves of secularization. The Milanese churches were packed Thursday night and, again, Friday.

### Tremors Rattle Naples Area

**United Press International**  
NAPLES — A series of minor earthquakes were felt to the Naples area Saturday night, sending thousands of people fleeing from their homes but causing no damage or casualties, police said. The National Geophysics Institute said the strongest of eight tremors measured 3.7 on the Richter scale.

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## 2 Solidarity Leaders Freed in Poland

**(Continued from Page 1)**  
main true to God to days of defeat.

The dispute began Dec. 1, when pupils hung crosses to 17 classrooms and a school shop, according to the weekend edition of the local Communist Party newspaper, *Slowo Ludu*.

Authorities removed the crosses, they said, on the grounds that schools are state property and that Poland's constitution provides for the separation of church and state.

*Slowo Ludu* said the students began their sit-in two days later, boycotting lessons, singing religious songs and decorating the school halls with Roman Catholic emblems.

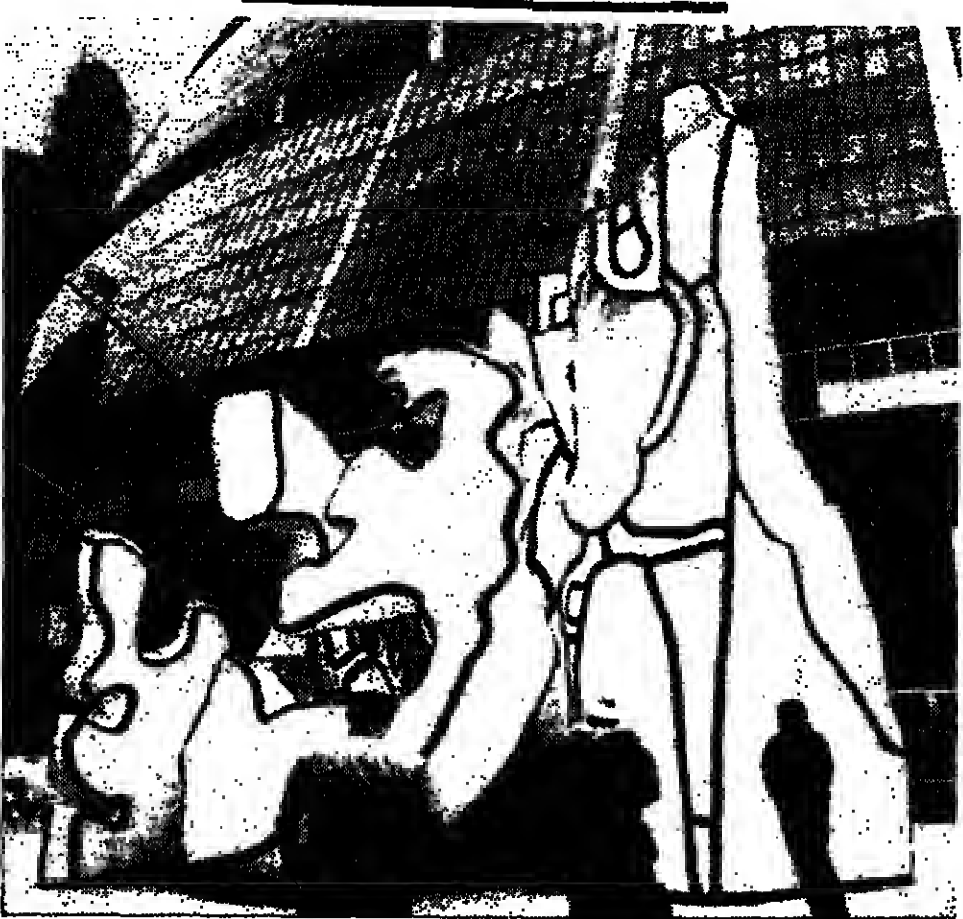
About 300 of the school's 700 pupils have been occupying the building in daytime and 150 have camped there overnight, the newspaper said. The school has suspended lessons until further notice.

**31 More Poles Defect**  
Thirty-one more Poles defected in Travemunde, West Germany, from the ferry Rogalin, raising to 534 the number who have jumped ships on arrival in West Germany since mid-November. The Associated Press quoted border police as saying, "The latest group defected Friday evening, a border police spokesman said."

The Rogalin docks in Travemunde twice a week as it sails from the Polish Baltic ports to Copenhagen and back. So far this year, at least 862 Poles have defected from the 7,500-ton ferry during stops in the West German Baltic port.



## AMERICAN TOPICS



Jean Dubuffet's sculpture "Monument With Standing Beast" in downtown Chicago.

## A Beastly Work of Art Is Unveiled in Chicago

An abstract sculpture 29 feet (8.7 meters) tall by Jean Dubuffet of France was unveiled last month in downtown Chicago. "Monument With Standing Beast," privately financed, joins other giant art objects by Pablo Picasso, Alexander Calder, Claes Oldenburg, Joan Miró and Louise Nevelson that have given The Loop a worldwide reputation for 20th-century outdoor art.

Made of fiberglass painted black and white over a steel framework, "The Beast," as it already has been nicknamed by Chicagoans who don't know quite what to make of it, stands in front of the unfinished State of Illinois Center. The center looks like a giant spaceship.

"The Beast" has been compared to a lighthouse, a haunted house, a rearing horse, a melting snowman. Governor James R. Thompson, who unveiled the work, said his 6-year-old daughter Samantha thinks at least part of it looks like Snoopy, the dog in the comic strip "Peanuts."

## Dole Says He'll Push Meese's Confirmation

"I think we've held Ed Meese hostage long enough," says Senator Robert J. Dole, a Kansas Republican who will take office as Senate majority leader when Congress reconvenes in January. "One of the first orders of business" when Congress reconvenes should be the confirmation of Mr. Meese as attorney general, Mr. Dole says.

Early this year, President Ronald Reagan nominated Mr. Meese, the White House counselor, as attorney general. Then came a five-month inquiry into reports concerning Mr. Meese's financial dealings with people who had received federal jobs. A special prosecutor announced Sept. 20 that there was no basis for bringing charges

against Mr. Meese. Mr. Reagan has said he will resubmit the nomination.

## Indian Tribes Clash Over Hunting Code

The Shoshones and the Arapahoes were enemies when members of both tribes were moved onto the 2-million-acre (800,000-hectare) Wind River reservation in central Wyoming more than a century ago. Now the two tribes are fighting again, but the battleground is federal court.

Contending that excessive hunting by the Arapahoes has depleted deer, antelope and elk herds to the brink of extinction, the Shoshones have won a ruling that the Arapahoes must abide by a hunting code imposed by the U.S. Bureau of Indian Affairs.

The Arapahoes, insisting that the claims are groundless, have appealed the ruling. The Bureau of Indian Affairs says the hunting code was imposed only until the two tribes could agree on their own code. They have a joint council that decides on other inter-tribal matters and they are now discussing a hunting code, although anger still runs high.

## Short Takes

When Christmas falls on a Tuesday, as in 1984, or on a Thursday, federal employees usually get the preceding Monday off or the following Friday off. Not this year. Donald J. Devine, head of the U.S. Office of Personnel Management, said that with "significant cuts" being planned in government spending, it would be unseemly for the government, with a daily payroll of \$223 million, to allow an extra day off.

More than a quarter of the inmates released from state prisons are back behind bars in two years and nearly a third are back in three years, mostly for new

crimes rather than parole violations, according to a 14-state study by the U.S. Department of Justice. Burglars are the most frequent repeaters.

Of the 15 state liquor boards that suspended sales of Russian-made Stolichnaya vodka after Soviet jets shot down a South Korean airliner 15 months ago with a loss of 269 lives, only 5 maintain the boycott today, and those states are under pressure to drop the bans.

## Notes About People

When Geraldine A. Ferraro telephoned George Bush last month to concede that she had lost in her run for the vice presidency, he invited her to lunch. They ate together in the vice president's office last week, with their respective spouses for their television debate, on consommé, salmon steak, potatoes *Lyonnaise*, asparagus, tinned salad, nut fudge brownie à la mode and white wine. They said they discussed, among other things, her problems with the House Ethics Committee and his with the Internal Revenue Service. She did not mention the salty language Mr. Bush used about her, Mrs. Ferraro said. "I don't think any apologies were expected or necessary."

The "Virginia City," an extravagantly decorated, 56-year-old private railroad car that once belonged to Luchas Beebe — a journalist, train buff and a described bon vivant who died in 1979 — has been purchased in mint condition from the Beebe estate. Wade Pfeiffer, 38, an air-conditioning installation foreman of Redwood City, California, and a partner paid \$72,000.

— Compiled by ARTHUR HIGBEE

## Reagan Hints at Military Cuts, Praises Treasury's Tax Plan

By Francis X. Clines

New York Times Service

WASHINGTON — President Ronald Reagan has praised the Treasury Department's study proposal for income tax simplification as "the best and most complete" he has seen, but he stopped short of offering it as his own.

At the same time, Mr. Reagan came closer to confirming that he might trim back the military budget's rate of growth, saying he would ask Defense Secretary Caspar W. Weinberger to "see what he can contribute" to the deficit-cutting package the White House will propose to Congress.

"There are only two things" in the budget discussion that cannot be changed, Mr. Reagan said. "One of them is Social Security and the other is the interest on the [national] debt."

In a news conference at the White House on Friday, he depicted budget cuts and income tax revisions as a mandate of his reelection and as the key to continued economic growth.

"The people voted against tax increases and they were right," he said. "And they voted against wasteful government spending, and they were right."

Thus far, Mr. Reagan has privately selected \$34 billion of proposed nonmilitary cuts that would reduce or end more than 100 government programs of current federal aid and services to the public. He is seeking \$8 billion more in proposed savings, with some aides urging that this come from slowing the growth of military spending.

Mr. Reagan renewed his campaign vow to oppose any attempt to reduce Social Security payments to shrink the deficit. Republican leaders in Congress have proposed trimming \$7 billion in cost-of-living increases in Social Security next year.

Mr. Reagan offered a spirited defense of one of the more controversial proposed cuts, that the government's civilian employees take a 5 percent pay cut. "We're doing something that has been done in a number of major industries" in hard times, he said.

Until Friday, Mr. Reagan had little to say on the separate issue of changing the tax code. The Treasury Department's study recommendation to drastically alter the current income tax system in the name of simplification generated initial skepticism among many in Congress.

Asked whether he now embraced the number of tax rates and eliminating a large number of deduction advantages, Mr. Reagan carefully described it as "a working paper" and "a broad package," and added: "Obviously, there are points that you want to look at. It does simplify, it does reduce for most individuals, and it does broaden the base in the sense of getting some people or some businesses back to paying more of a fair share rather than leaving it to someone else."

While some administration officials hope to see Mr. Reagan seek an \$8-billion cut in the growth of military spending, he again emphasized this question would await his meeting this week with Mr. Weinberger.

Commenting on the warning from Republican leaders in Congress that any fair austerity budget must include military cuts, Mr. Reagan said, "We know that it's important to cross the board, to see that everyone participates in trying to achieve this freeze."

**Congressman Urges Cuts**  
George C. Wilson and Fred Hiatt of The Washington Post reported from Washington:

Representative Joseph M. McDade, President Reagan's new point man for the forthcoming battle of the defense budget in the House, has called for reducing the growth of the defense budget.

"From the standpoint of the Defense Department and its credibility in the country, the deficit demands that the defense budget be part of the reduction process," Mr. McDade said in an interview.

"To try to get the old 14 percent increase or whatever this year in defense is just out of the question," Mr. McDade said. "I intend to make that clear to the secretary" in the upcoming congressional disposition of the budget.

When the next Congress convenes in January, Mr. McDade, a Republican of Pennsylvania, is to

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Ronald Reagan ponders a question at a press conference.

become the ranking minority member of the House Appropriations subcommittee on defense, a job that calls for him to defend the Pentagon money bill on the House floor.

Mr. McDade made his comments shortly after a private meeting with Mr. Weinberger in which the defense secretary made his case for fighting significant reductions in the Defense Department's fiscal 1986 budget, which will go to Congress next month.

Mr. McDade's stand, together with the new call by Senator Barry

Goldwater, a Republican of Arizona who is incoming chairman of the Senate Armed Services Committee, to freeze defense spending at this year's level, means that Mr. Weinberger will be fighting for his budget on at least three fronts: at the president's Office of Management and Budget and in both houses of Congress.

David A. Stockman, the director of the budget office, is recommending that the military budget be held below projections by \$8 billion, \$20 billion and \$30 billion in fiscal 1986, 1987 and 1988.

## South Africa Is Concerned U.S. Protests Could Harm Relations

By Michael Parks

Los Angeles Times Service

PRETORIA — The South African government has released 16 political detainees and issued visas to two leading American critics because of mounting concern over the impact of U.S. anti-apartheid demonstrations on its relations with the United States, according to informed sources in and outside the government.

The moves by the South African government reflect a growing realization that the continuing protests could lead to possible American economic sanctions against Pretoria and that the Reagan administration's policy of "constructive engagement" was now at risk, the sources said.

In a conciliatory gesture, the first since the demonstrations began in the United States, Pretoria on Friday released on bail five persons charged with organizing a general strike by hundreds of thousands of black workers here last month. It also freed unconditionally 11 other political detainees, all of whom had been held in solitary confinement for a month or more.

South Africa also issued visas to two leading U.S. opponents of

apartheid, Senator Edward M. Kennedy, Democrat of Massachusetts, and the Reverend Jesse L. Jackson, for visits here next month.

Further moves meant to meet some of the criticism of the U.S. protesters, among them congressmen, priests, labor leaders and civil rights activists, are under consideration, according to the sources.

"We are facing a major crisis in our relations with the United States," said Carl Nofke, director of the Rand Afrikaans University's Institute of American Studies in Johannesburg. "It is real, it is developing quickly, and we are not prepared for it."

John Barratt, director of the South African Institute of International Affairs, said the breadth and strength of the American protest, particularly those by Republican congressmen sympathetic to South Africa in the past, had apparently caught the government by surprise, but that it would move quickly to try to quiet the controversy.

For South Africa, good relations with the United States are vital since they enable it to withstand criticism from the rest of the world and thus, Pretoria contends, to move toward rapprochement with

neighboring black African states and toward political reform domestically.

Without the American support it has had under the Reagan administration's policy of "constructive engagement," South African officials say, the government would have had little choice but to take a harder line at home and abroad.

Although South Africa's critics challenge this argument, especially assertions of progress on race relations, it is nonetheless central to Pretoria's policy-making, and officials here became deeply concerned as they saw the impact of the protests in Washington and half a dozen other U.S. cities.

"The more we are attacked, particularly from abroad, the more stubborn we get — this is the character of the Afrikaner," said a member of Parliament from the ruling National Party. He is an Afrikaner, the Dutch-descended minority with most political power.

"What I am afraid of is that we will get so angry that we will abandon these reforms we have begun and do something stupid, like a big show trial or more detentions, just to prove that we will not be pressured or bullied."

The organization's executive director, Dr. Benjamin L. Hooks, said the NAACP would hold demonstrations at the South African Embassy and all 13 South African consulates in the United States.

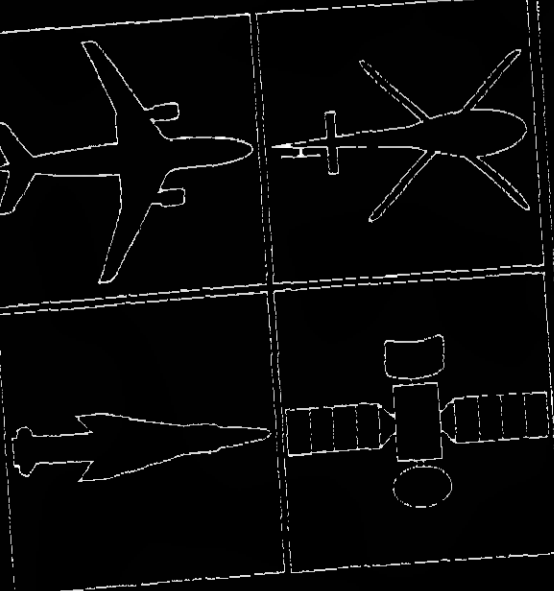
Mr. Hooks also called on the Reagan administration to drop its policy of quiet diplomacy toward South Africa in favor of taking "every effort, sanction, economic boycott, diplomatic withdrawal of representation, whatever it takes," to pressure Pretoria to change its racial policies.

(UPI, NYT)

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## Greens Fail To Resolve Question of Coalitions

By James Markham

**HAMBURG**—The Greens Party failed this weekend to resolve one of the central questions of West Germany's unsettled politics—whether to forge coalitions with the left-leaning Social Democrats. Three days of debate here left the opposition Social Democrats in the awkward position of uncertain suitors. A compromise between the Greens' "fundamentalist" and "realist" wings pigeonholed the matter.

Confrontation between the party's two wings pivoted on a fundamentalist resolution that ruled out participation in a Social Democratic-led government in 1987 and a realist paper that effectively left the issue open.

A split was averted by a compromise resolution declaring that the Social Democrats were not currently acceptable as coalition partners, but which left open a final decision for 1987. Adopted by a vote of 342 to 264, it gave leeway in regional Green organizations to decide on forms of "cooperation" with other parties.

Champions of an imperiled environment and advocates of pulling West Germany out of the Atlantic alliance, the leftist Greens have established themselves as West Germany's third political force and have demonstrated a capacity to make other parties chase after causes they launch.

The coalition issue is important to both the Greens and the Social Democrats because of three key state elections early next year that could set precedents for the 1987 general election.

Nicknamed "fundalos," Green opponents of a coalition are a shifting alliance of Marxist-Leninists—strong in Hamburg, Frankfurt and West Berlin—and foes of industrial civilization who claim to discern a revolutionary apocalypse on the horizon.

Evoking the upheavals of the Protestant Reformation and quoting from the Prophet Hosea, Rudolph Bahro—a former East German Communist who recently found spiritual repose with an Indian guru in Oregon—stunned many Green delegates with a tirade summing up a general strike "against research, development and production."



Dancers opened the Green Party convention in Hamburg.

"Out!" screamed Mr. Bahro. "Out of the system!" He drew shouts and angry catcalls by co-opting the Greens' position in West Germany society was similar to that of the Nazis as they rose in the crumbling Weimar Republic six decades ago.

Mr. Bahro's following is not great but he formulated in extreme language a yearning among many Greens to remain autonomous and uncontaminated by politics, preserving their organization's ideology as a "movement."

The Marxist-Leninist faction, which was in control of much of the parliamentary proceedings on its home Hamburg turf, has different reasons for keeping the Social Democrats at arm's length.

Its calculation is that by entrenching themselves in intransigent positions—demanding the dismantling of West Germany's nuclear power network, the withdrawal of U.S. troops and unilateral disarmament—the Greens can increase their share of the vote and force the divided Social Democrats further left.

Bruised by the unhappy experience of short-lived understandings with minority Social Democratic governments in Hamburg and Hesse states, the Marxist-Leninists hope to strengthen the Greens' bargaining power and make inroads into the union movement.

"With Bahro," said Thomas Ebermann, an influential Hamburg Green, "we share the fear that we could be driven into the arms of the big SPD."

The Greens' realist, or "realo" wing, argues that the party's success has already implicated it in the dirty business of government and that to spurn piecemeal gains—such as laws making it easier for leftists to get government jobs—is silly. After making it into the national parliament a year ago, the Greens have secured representation across West Germany in state legislatures and city halls.

Under rules adopted by the Greens to prevent the emergence of professional politicians in their midst, Greens deputies must give up their seats and committee posts to relatively unknown successors in March, halfway through the four-year parliamentary cycle.

Opposition to this so-called rotation rule unifies some of the "realos," who contend that the party is jettisoning useful experience and will go into the 1987 elections with unknowns at its head. But rotation also irks some "fundalos" like Petra Kelly, the founder of the Greens, who has refused to give up her Bundestag seat.

The whole thing is so hypocritical," she said. Miss Kelly noted that many deputies who were giving up their seats intended to reclaim them in 1987, while a number of Marxist-Leninists were retaining key positions in the party bureaucracy while professing support for rotation.

In contrast to past Greens' congresses, the issues of world peace and the deployment of U.S. medium-range nuclear missiles in West Germany were hardly mentioned. Organizers of the anti-missile movement said to conversations that they plan no countrywide demonstrations in 1985.

Official studies show that up to half the country's trees, which cover a third of its area, are either diseased or dead because of airborne industrial pollution and vehicle emissions.

In the Black Forest, one of the worst-hit regions, the spa resort of Hinterzarten has deliberately erected a frail and rather sickly looking tree on the main square this year to drive home to the public the extent of crisis.

Some activists say families should not celebrate Christmas around a real tree at all. Other environmentalists say that the seasonal spruce and fir will bring the problem of the nation's choking woodland right into people's homes. Three out of four homes, 17 million in all, put up a tree last Christmas.

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## Thatcher Praises U.S. Position on Arms

By Michael Getler

**LONDON**—Prime Minister Margaret Thatcher has "no doubt" that upcoming U.S.-Soviet arms-control talks will be conducted by Washington "on a basis on which there are no concessions unless they are mirrored by equal concessions from the other side on a one-for-one basis."

Mrs. Thatcher, who is to meet here later this month with Mikhail S. Gorbachev, a high-ranking member of the Soviet Politburo, lent her strong support to that approach, declaring, "That is the basis on which we are likely to get the reductions that will hold."

In a wide-ranging interview with American reporters on Friday, Mrs. Thatcher credited increased U.S. weapons spending in recent years as one of the "things which bring disarmament talks nearer."

She also said that the "great moment of decision" to relations with Moscow came "when the West stood firmly together and did not in any way submit to the false blandishments of the Soviet Union" not to deploy cruise and Pershing-2 nuclear missiles in Western Europe.

Mrs. Thatcher said that the Reagan administration now has "a historic opportunity and is taking it" and that the Western alliance is going into the new year "absolutely firm and with a positive position on East-West relations."

The prime minister's year-end meeting with the reporters came after a one-hour meeting with U.S. Secretary of Defense Caspar W. Weinberger, who stopped here after a NATO meeting in Brussels and talks to Saudi Arabia.

Asked if, based on her talks with Mr. Weinberger, she thought a new Middle East peace initiative by the United States was likely in 1985, Mrs. Thatcher said, "I believe there probably will be."

She will have a busy pre-Christmas week. After meeting Mr. Gorbachev on Dec. 17, she is to fly to Beijing to meet with Prime Minister Zhao Ziyang and sign the agreement turning over Hong Kong to China in 1997.

On her way back, she is stop at Camp David on Dec. 22 to meet with President Ronald Reagan. She

is to provide Mr. Reagan with a personal report on her meeting with Mr. Gorbachev, who is seen in the West as a possible successor to President Konstantin U. Chernenko of the Soviet Union.

Mrs. Thatcher also made these points:

• Although an increasing number of British politicians of all parties are worried about the \$11 billion cost to Britain of building four Trident missile submarines, the prime minister said the project was "absolutely vital" to maintaining the country's deterrence against nuclear attack. But, questioned about ways to trim the program, Mrs. Thatcher twice mentioned that "the number of missiles is still a matter of consideration."

• Aside from attempts thus far

to restore normal relations with Argentina after the 1982 war in the Falkland Islands, Mrs. Thatcher said she has no plans to discuss the islands' sovereignty with Buenos Aires. "The Falklands are British territory," she said. "The people have a right of self-determination, therefore, their wishes are paramount."

• On Britain's coal strike, which will enter its 10th month this week, Mrs. Thatcher said, "I don't know how it will end" other than perhaps by the "gradual trickle back to work" of the strikers that has been going on. "It cannot be a negotiated settlement," she said, "while the leadership of the National Union of Mineworkers holds to a position from which it has never budged: that uneconomic pits can never

close. That just doesn't make sense."

Mrs. Thatcher also paid homage to the "enterprise culture of the United States."

"We had it," she said of Britain, and now "we are trying to regain it." British skills in research and innovation, she said, "are extremely high. But what we are not so good at is turning that into industrial profit. You pick them up and so has Japan."

What Britain needs to create more jobs and deal with a 13-percent unemployment rate, she said, is to "regain the spirit of enterprise which leads people to say, 'I'm going to start up on my own to build a business that employs people and gives them a living. You don't hear people in this country saying that enough.'"



Prime Minister Margaret Thatcher and Caspar W. Weinberger, the U.S. defense secretary.

## Reagan Aides Strive to Take a Consensus to Geneva

By Lou Cannon

**WASHINGTON**—President Ronald Reagan's advisers are saying that they have devised an orderly system for overcoming bitter arms control conflicts within the administration that will make it possible to achieve a nuclear arms agreement with the Soviet Union.

This growing, although unspecified, optimism was reflected by Mr. Reagan in a press conference Friday when he declared that he was "very gratified" with recent statements by Soviet leaders favoring elimination of nuclear weapons.

Administration officials who discussed the arms control issue under condition that they not be identified, said the process, which is centralized in an interagency group chaired by Robert C. McFarlane, national security affairs adviser, would smooth out the conflicts between various departments that plagued Mr. Reagan's first term.

They also said that Mr. Reagan was far more involved in the process than before, although they acknowledge that he still faces difficult decisions in coming up with a consensus proposal to present to the Soviet Union.

Critics of the administration, including the president's defeated Democratic opponent, Walter F. Mondale, have frequently charged that Mr. Reagan was dangerously ill-informed on arms control. Some administration officials have acknowledged this in a backhanded way by saying that the president now understands "the fundamental concepts of stable deterrence."

During his first term, Mr. Reagan was so unfamiliar with these concepts that he expressed surprise when his 1982 proposal for reducing strategic nuclear weapons was rejected by Moscow as an unacceptable basis for negotiation. The proposal would have required Moscow to remove most of its land-based missiles without comparable U.S. cuts.

Now, say officials, the president has made arms control a top priority of his administration, reflecting the view urged by advisers that he could leave office as a "peace president" if he succeeds.

Secretary of State George P. Shultz and the Soviet foreign minister, Andrei A. Gromyko, are scheduled to meet in Geneva on Jan. 7-8 to arrange an agenda for new negotiations to control nuclear arms and space weapons.

"Reagan is going to have to make some tough decisions before Jan. 7," said one official. "He is optimistic but he has no illusions."

The new interagency group designed to smooth over differences of opinion in the administration, the cabinet-level National Security Planning Group, was created by William P. Clark shortly before he left the national security adviser's post in October 1983.

Headed by Mr. McFarlane, the group is designed to thrash out conflicting positions on arms control and present a consensus recommendation to the president. In Mr. Reagan's first term, consensus has been a rarity and the president frequently has been presented with conflicting views to arbitrate.

Mr. Reagan has held three meetings with the group to discuss arms control options. These meetings have been described as largely free of friction because potential conflicts have been aired in working-group sessions, including one that was held Friday.

Nonetheless, many in the admin-

istration believe the conflicts will bubble up again if Mr. Shultz and Mr. Gromyko agree to undertake follow-up talks on arms control.

The president, for example, reportedly remains unwilling to abandon his interest in developing an anti-missile weapons system, even though he has been warned that it could make successful negotiations with Moscow impossible. However, one official said it is possible that the president's Strategic Defense Initiative, called "Star Wars," could be traded away.

At his press conference on Friday, Mr. Reagan was asked whether he thought the Russians genuinely wanted an arms control agreement. He replied that "there's no way for me to make a judgment on that until we get into conversation with them."

But in private conversations with his aides, Mr. Reagan has said he believes that Moscow is ready to negotiate seriously on arms control because of the high costs entailed in trying to match the United States in space weapons. He also has told aides that Moscow now recognizes after the U.S. elections that he has widespread public support.

## Absence of Typhoons Is Mixed Blessing for Japan

By Clyde Haberman

**TOKYO**—Japan, which normally dreads typhoons and the destruction they bring, is learning the hard way this fall that the fierce storms may be a blessing after all.

For the first time since 1941, the archipelago has gone through a year without being hit by a single typhoon. Usually, there have been two or three big ones by this time of year, causing casualties and considerable property damage.

But far from being happy over having been spared in 1984, local governments across the country are discovering that they must deal with water shortages as rain-starved reservoirs drop well below normal levels.

In central and western Japan, the areas hit hardest by the long dry spell, municipalities have imposed restrictions on water use in the hope of cutting industrial and household consumption by 20 percent or more. Osaka's water department recently lowered water pressure in many neighborhoods, a de facto rationing that affected more than 500,000 residents.

Lakes have begun to dry up, notably Japan's largest, Lake Biwa, which serves as a reservoir for 13 million people in the Kyoto and Osaka areas. Biwa dropped 30

inches (76.2 centimeters) below the normal November level, and the lake bottom is poking through in places.

Several companies warned of possible production cutbacks, and some ordered their employees to recycle water whenever possible.

"I think in the long run, we're going to find that not having typhoons is a bad thing," said Takashi Nitta, head of the planning division of the Japan Meteorological Agency. "Of course, usually we have a loss of lives and property, so avoiding that is good. But this water situation is more of a problem than we thought it might be."

That there could be a shortage of water, one of the few resources Japan normally has in abundance, is hard for many people to grasp.

The government has been loath to make too much of the problem, perhaps in part because it has lately emphasized the need for aid to drought-stricken African countries.

Nevertheless, the uncertain weather has been a prime topic lately to a country that sees itself, correctly or not, as buffeted more than the average nation by typhoons and other natural calamities.

Weather reports, for example, consume much more time on national television news programs

than they do in the United States. Mr. Nitta also noted that haiku and tanka, two well-known poetry forms, "use weather as a theme very often."

Edwin O. Reischauer, a scholar of Japanese history and culture who once served as the U.S. ambassador to Tokyo, suggested in his book "The Japanese" that Japan has a "typhoon mentality."

"Typhoons have accustomed the Japanese to expect natural catastrophes and accept them with stoic resilience," he wrote.

Every Japanese learns early on that there are four things in life to fear, and three of them are natural disasters—earthquakes, thunder and fire, which has often accompanied quakes, with great loss of life. The fourth source of terror is one's father.

The typhoon season runs from May to November, with August to October usually the peak months. Japan defines a typhoon as any western Pacific storm with winds of 38 mph (60.8 kph) or more. That tends to inflate the typhoon numbers—Mr. Nitta's agency has recorded 26 to the Pacific Ocean in 1984—but most are genuine full-blown gusters nonetheless, inflicting great damage while supplying a significant share of the country's annual rainfall.

This year, as the result of a strong high-pressure system blanketing the country, all 26 storms dissipated before they reached the archipelago.

The same weather system, meteorologists say, gave Japan record hot spells last summer.

**New Revolution In China: Tango**

**BEIJING**—Beijing residents are trying to tango, waltz, foxtrot and jitterbug their way to victory in the Chinese capital's first ballroom dancing competition since the 1950s, the Xinhua news agency reported Sunday.

Although couples can also choose blues and disco dances, 60 percent of the 300 entrants are 47 to 54 years old, who learned to dance before Mao's puritanical clampdown in the 1960s.

Each couple has to choose three dances for the competition, which began Saturday night. The best dressed, most stylish and most skillful pairs will be announced in late January, the agency said.

## De Clercq Named Head Of EC's Foreign Affairs

By Axel Krause

**PARIS**—Willy De Clercq, who is to be the new head of external relations and trade policy for the European Community Commission, says that he will try to improve the EC's currently strained trade relations with the United States.

The assignment of Mr. De Clercq, the vice prime minister and finance minister of Belgium, and of 13 other EC commissioners were announced Saturday by Jacques Delors, the former finance minister of France, who will be president of the community's executive body when it takes office Jan. 6.

"We need cooperation, not confrontation," Mr. De Clercq said Saturday, referring to recent conflicts with the Reagan administration in such international organizations as the General Agreement on Tariffs and Trade and the Organization for Economic Cooperation and Development. Mr. De Clercq commented following a two-day strategy meeting of the new commission held near Paris.

The disputes, which the Belgian official called "very troubling," stem from Washington's recently renewed attacks against EC subsidies in such sectors as steel. They have been accompanied by U.S. insistence in GATT and the OECD that the EC, among other U.S. trading partners, remove trade barriers, particularly in such areas as services, banking and insurance.

Claude Cheysson, who was replaced as France's external relations minister on Friday, is to be responsible for Mediterranean policy and North-South relations, although he had sought the post of development commissioner. Mr. De Clercq is to have overall responsibility for external relations.

The announcements reflected

Mr. Delors's intention to strengthen the commission's role in internal and foreign affairs and to assign commission posts before the first meeting, which is scheduled for Jan. 7.

Mr. Delors, in addition to his duties as president, is to supervise monetary relations, which will include reinforcing EC monetary cooperation, another priority he wants the commission to pursue during its four-year term.

Other assignments included the following: • Lorenzo Natali of Italy is to retain his current assignment as commissioner for EC enlargement and take on cooperation and development. The second Italian commissioner, Carlo Ripa di Meana, a journalist and former member of the European Parliament, will be in charge of institutional and cultural affairs, information and tourism.

• Karl-Heinz Narjes of West Germany, currently commissioner for internal markets, is to be in charge of industry policy, information technology and research. Alois Pfeiffer, a former West German trade union leader, is to be responsible for economic affairs, employment, credit and investment.

• Lord Cockfield of Britain, formerly secretary of state for trade, is to be in charge of internal markets, financial institutions and taxation. Stanley Clinton Davis, the second British commissioner and a former Labor member of Parliament, is to be responsible for environmental and consumer affairs, forests and transport.

• Frans Andriessen of the Netherlands, currently the commissioner in charge of competition policy and parliamentary relations, is to be responsible for agriculture and fisheries.

• Grigoris Varfis of Greece, formerly in charge of EC relations with the Greek government, is to be responsible for regional policy and relations with the European Parliament.

• Henning Christophersen, former deputy prime minister and finance minister of Denmark, is to be responsible for the budget.

• Nicolas Mosar, a former member of the Luxembourg parliament, is to be in charge of energy.

• Peter D. Sutherland, a former attorney general of Ireland, is to be in charge of competition policy and social affairs.



Jacques Delors, left, and Willy De Clercq

The assignments were made with a view to accommodating the naming of two commissioners by Spain and one by Portugal when the two countries join the community Jan. 1, 1986, a spokesman for Mr. Delors said. He declined to say what assignments they would get, stating that some of the multiple responsibilities currently assigned to the commission taking office in January were "detachable," and would be transferred to the Spanish and Portuguese commissioners when they are named.

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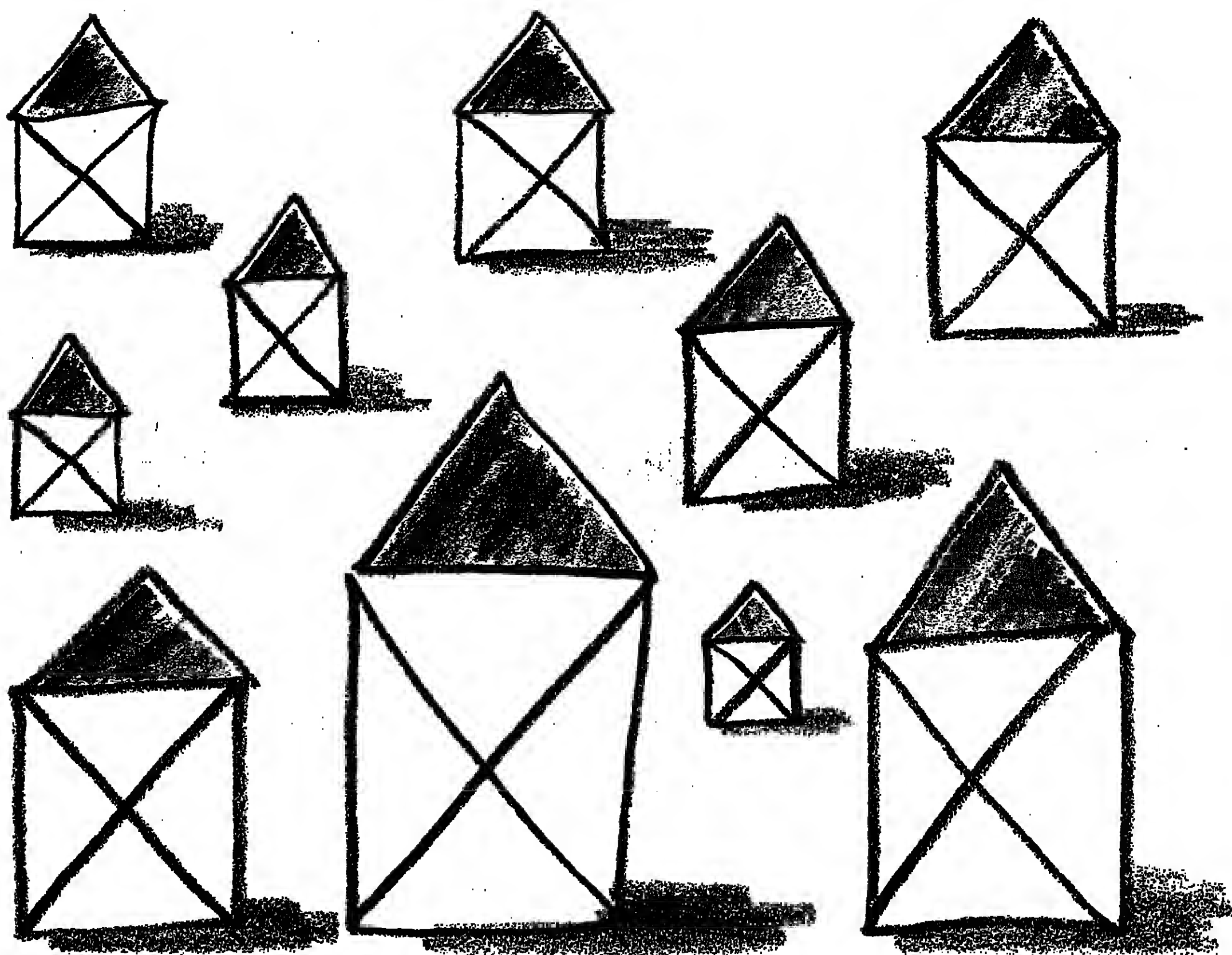
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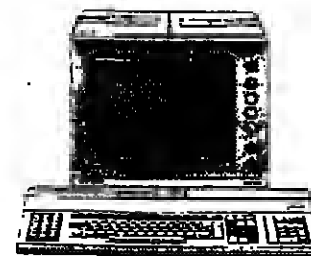
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# PERSONAL INVESTING

## INVESTOR'S Notebook

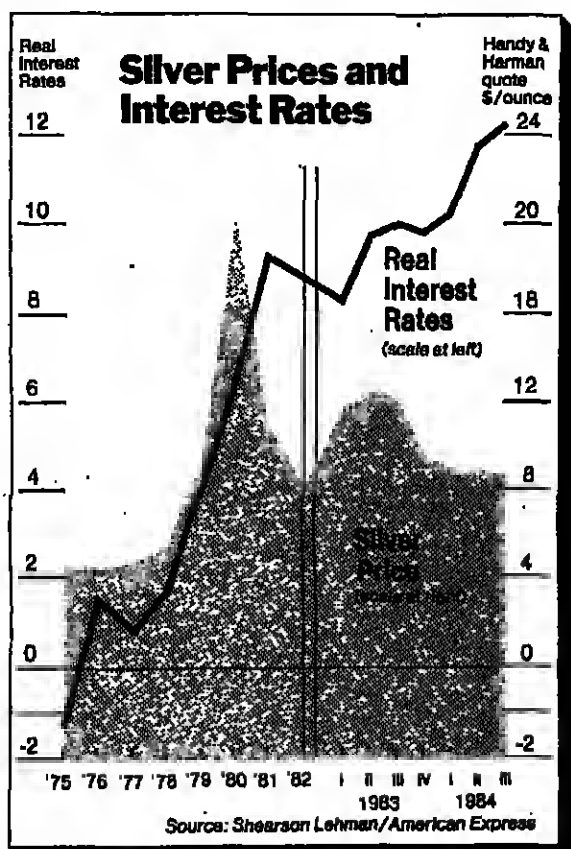
### Silver Prices Fail To Meet Expectations

Scarcely a year ago, some metal specialists were betting on the global economic recovery to perk up silver demand and propel prices higher. Their reasoning was straightforward. Unlike gold, silver is an important industrial. Consequently, strong business activity should send big users like the photographic and electronics industries searching for more silver.

To some extent demand has picked up and is expected to grow slightly in 1985. But silver prices have failed to respond the way bulls had hoped. "It's a question of supply," said David Williamson, who heads the London metals unit of Shearson Lehman/American Express. "There is no shortage of silver and the stocks are absolutely enormous. Supplies are swamping demand."

This year supplies are exceeding demand by about 173 million troy ounces. Next year, the surplus could reach 179 million. Most analysts agree that the outlook for silver is gloomy as long as the dollar and interest rates in the United States remain high and inflation stays low. Mr. Williamson thinks silver will trade in a range of \$5.50 to \$10 an ounce next year compared with an estimated 1984 average of \$8.25.

Even prospects for a continued modest decline in U.S. rates and a slight rise in inflation in 1985 are not expected to move prices significantly. Bette Raptopoulos, senior metals analyst at Prudential-Bache, puts the upside potential in the neighborhood of \$10 to \$11, but not until "way into the year."



### Retailers' Christmas May Not Be Merry

So far the Christmas shopping season has been anything but jolly for retailers in the United States. The year-end buying spree that many had counted on to offset the sagging sales of the last four months has yet to materialize.

Christmas sales account for a third or more of most retailers' annual sales and generate up to three-quarters of their profits.

Not surprisingly, yuletide sales figures are handy in gauging the market's reaction to individual stocks. Thomas P. Farley, an analyst with Salomon Brothers, said the surprisingly slow pace of sales is bound to put pressure on earnings. "No one will escape," he said.

Mr. Farley blames the poor showing on the general slowdown in the American economy, which apparently has affected consumer spending more than previously anticipated. He also said the consumer is "playing a game of chicken" with big department stores, delaying their Christmas shopping until the last moment to benefit from steep markdowns on merchandise. If so, sales volumes may pick up, but the bargain prices will not do much for revenues.

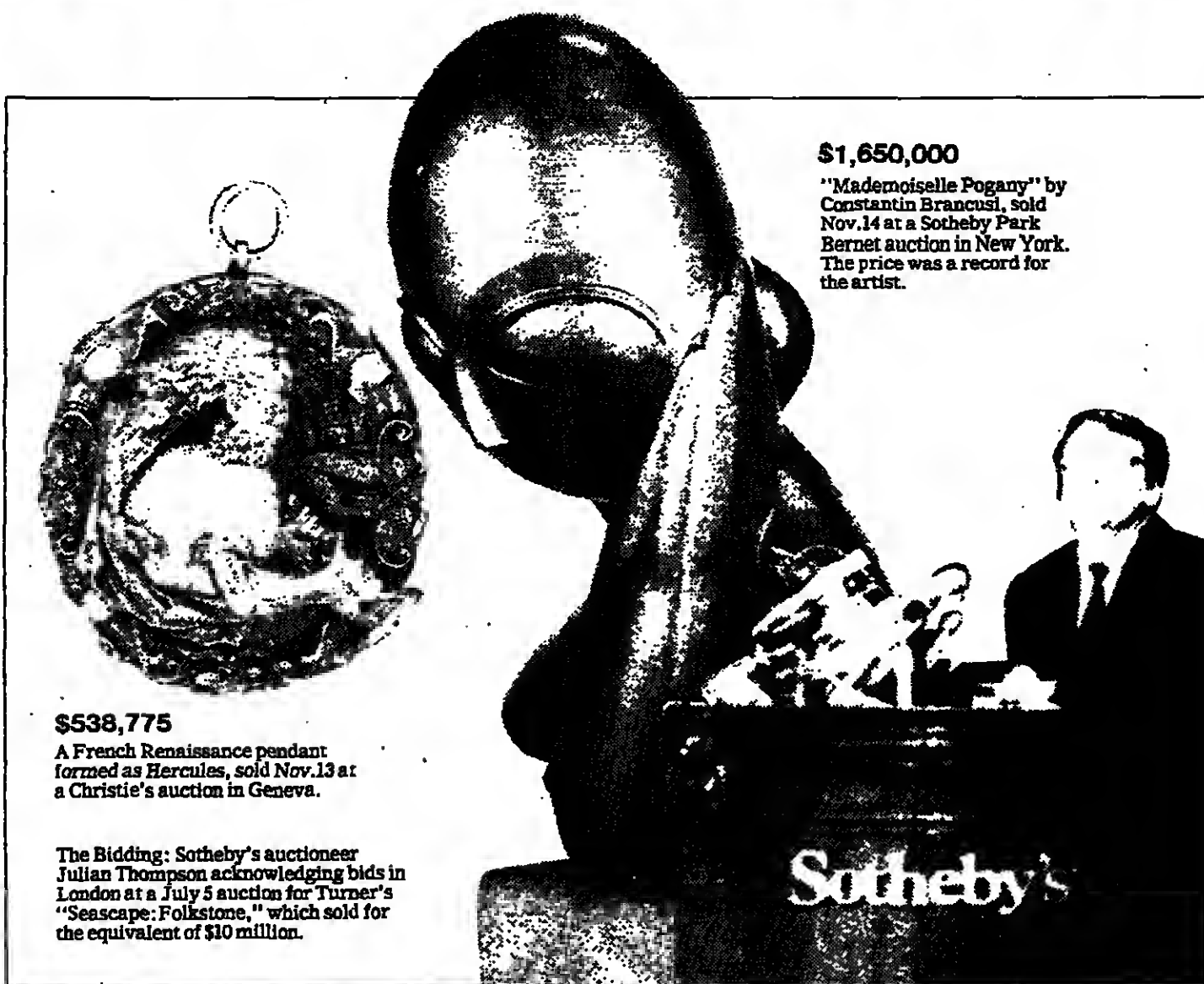
### U.K. Takeover Boom Lifts Special Funds

The takeover boom that has swept the London stock market has paid off handsomely for a number of the so-called special-situation funds. Moreover, British fund managers expect their strong growth to continue in the foreseeable future.

These unit trusts invest in companies that find themselves in unusual circumstances. The companies may be undervalued by the market or on the brink of collapse but still have good recovery prospects. More recently, however, the funds have done well buying up shares in companies that face possible takeovers.

"Over the next three, four or five years, over the long term, these funds will do well," said David Lie, a fund manager at the Target Group PLC. Target's special-situation fund gained 40 percent in the year ended in October compared with a 24-percent improvement in the Financial Times All-share index.

Investing in special situations is risky, but the returns can be huge. Target purchased shares in Brooke Bond Group PLC, a British tea company that was facing takeover. It was finally acquired by Unilever PLC after a bitter battle with another suitor. Target bought its shares at 65 to 70 pence apiece. It sold them to Unilever at 125 pence.



\$1,650,000

"Mademoiselle Pogany" by Constantin Brancusi, sold Nov. 14 at a Sotheby Park Bernet auction in New York. The price was a record for the artist.

\$538,775

A French Renaissance pendant formed as Hercules, sold Nov. 13 at a Christie's auction in Geneva.

The Bidding: Sotheby's auctioneer Julian Thompson acknowledging bids in London at a July 5 auction for Turner's "Seascape: Folkstone," which sold for the equivalent of \$10 million.

## Appraising a Two-Tier Art Market

By Souren Melikian

THE SERIES of record prices paid in 1984 adds to the evidence that the international art market is heading toward an unprecedented split. It is a dangerous situation that makes collecting art financially more risky than usual.

On one level of this split market, huge prices are being paid for works that often fall short aesthetically but are readily recognizable even by the novice. In the other are some objects of exceptional quality that are going for quite reasonable prices. By force of economics, it is only this second market that will be open to buyers who are not able or willing to pay prices running into the millions of dollars.

The reasons for this situation are complex. Certainly, a major factor is the entry of the extremely wealthy buyer looking for a haven for excess cash. These buyers appear to regard art as a safer home for a certain portion of their wealth than financial instruments.

In this type of market, value adheres to the obviously marketable. To fetch a maximum price, a work of art now has to be large, typical and signed where signatures are expected. The work should also be graced by a pedigree, preferably with some historical context, and must have been included in a recognized reference book or major exhibition. Evidence of this was confirmed at Sotheby's New York sale on Nov. 14, which put the finishing touches on this year's picture of the market in impressionist and modern painting.

The sale began with bidding on six paintings

Long-time observer of the auction scene finds it going in two directions financially.

from the collection of the Bakalar family of Boston. A landscape by Monet painted in the right period, about 1875, with a blur of red and white roses and sunlight playing through trees soared to a stupendous \$2.4 million. Later, a Corot portrait in the manner of Raphael, bordering on kitsch, restored at the bottom but big and frequently published in reference books, established the world record for the artist at \$3.85 million.

But, a telling contrast came in the sale of a Daubigny, "Un Wagon de Troisième Classe," from the same collection. It was sold at a price 10 percent under the minimum forecast by the auction house. While the \$396,000 it brought is a substantial price, it would have gone for twice that figure if quality had been figured into it.

Examples of this can be multiplied. A day before the Sotheby's sale, a Monet landscape that was neither remarkable for its composition nor for its brushwork sold at Christie's for \$2.09 million, double its high estimate. It was a typical impressionist image—blurred flowers in the foreground, a woman with an umbrella in a meadow. The large painting had been abundantly publicized like the rest of the collection of former U.S. Ambassador Walter Annenberg, who was selling it.

Also, an admirable portrait of a woman by Picasso at the height of his neoclassical period in 1923 also doubled its high estimate at \$4.29 million. The price was fantastic for a pastel, however big. But at least the buyer owns what is perhaps the masterpiece in that particular phase of Picasso's work.

But there were bargains to be picked up among the works. A landscape by Pissarro showing peasant women in a windswept field went for \$220,000. Another work by the same artist called "A Haystack at Eragny" in rare shades of mauve, emerald green and dusty blue was even cheaper at \$154,000. The reason? Pissarro's name is not so often shouted on the rooftops as Monet's or Renoir's and neither picture had any particular provenance. In short, their quality did not make a shred of difference.

Similar examples can be cited in every field. In Chinese art, one occurred last week at Sotheby's sale of the Ezekiel Schloss collection of Chinese ceramic sculpture. In that sale, a Tang dynasty horse of the eighth century fetched a record \$660,000, and a *semei* cup of irregular shape with a

handle modeled like a monkey was "bought in" at \$9,500, that is, went back to the seller because it failed to reach the minimum price required.

Sotheby's estimate for the cup may have been slightly exaggerated, but it was equally inflated for the Tang horse, which had been valued at about \$400,000 to \$500,000. The cup was of outstanding quality and exceedingly rare, but only a collector of Chinese art would have known it.

The rule also applies to objects d'arts from the ancient world. In a Paris sale last month, the marble torso of a young man in the first century A.D. was auctioned for 560,000 francs (\$59,570), three times its estimate. The marble, 70 centimeters (28 inches) high, is neither rare nor attractive. The headless, footless body is clumsily broken below the right knee. But it came from a well-known collection, that of the late Armand Trampisch, and is the archetype of Greek and Roman sculpture as understood by the nonspecialist.

In each case, this new category of buyers in the art markets bid up what they regarded as typical of a period or artist, frequently passing over more unusual, better quality works. No one can say when

(Continued on Page 12, Col. 6)

## U.S. Bonds: A Crucial Juncture

By Terry Gross

THE MARKET in U.S. government bonds, which has been on an upswing since June, appears to be nearing a critical juncture that could test investors' nerves.

Though the professionals remain moderately optimistic about the outlook for Treasury securities in 1985, they warn that there could be a severe bout of hand-wringing in January. The anxiety is focused on four areas:

- The market's reaction to President Ronald Reagan's State of the Union and budget messages.
- Investor response to a series of Treasury securities offerings that traders refer to as minifundings.
- The response of U.S. consumer spending to the recent declines in interest rates.
- The nagging question of whether the dollar's strength will persist.

Sufficiently negative developments in these areas could unleash one or both of the twin evils most feared by the bondholder: climbing interest rates and rising inflation. Of the two, the threat of an interest-rate surge is causing the most concern. Despite the array of uncertainties, professional bond watchers are ending the year on a moderately optimistic note. Most expect some form of correction early in the year and an upswing later.

The assessment comes after 12 months almost evenly divided between bad and good times. The first five months were dominated by little investor demand and massive Treasury borrowing needs. The two did not mix well.

Long-term Treasury bonds were yielding about 11.6 percent in the first few months of the year. But by May, yields had risen to 13.6 percent on the long-term Treasury, substantially cutting into the value of bond portfolios.

BUT JUNE brought more convincing evidence that the U.S. recovery was slowing. The appetites of consumers and business for credit began to weaken and interest eased. Yields on bonds began to decline and prices began to rise. The Federal Reserve, trying to head off a recession, has been more accommodative in managing available credit. The combination of lower interest rates and easier credit leads some analysts to expect a pickup in consumer spending that could send interest rates up moderately. Steve Slifer, senior vice president of Lehman Government Securities, said, "I would look for a pickup in rates at some point" in the early part of the year.

He said the crucial time period would be when consumers believe rates had fallen enough to make borrowing attractive again. If consumers are ready to borrow, then interest rates will "kind of hang at current levels for a while," Mr. Slifer said. If consumer spending picks up and the money supply increases, "the Fed would have to let rates rise," Mr. Slifer concludes.

There is, however, uncertainty among analysts and traders about the timing of any increase in interest rates, and also about how long they could be expected to rise.

"The January period is important in view of the

(Continued on Page 8, Col. 3)

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# A Swiss Hybrid Linked to Yen Is a Big Hit

By David Timmin

SEITARO KAGA met with only skepticism in the early 1970s when he described his idea to launch a new bond denominated in Swiss francs that would be convertible into the Tokyo-listed shares of Japanese companies.

However, Mr. Kaga, now head of Nikko Securities in Zurich, finally met an interested young Swiss banker who had just returned from a stint on Wall Street. He was Rainer Gut, now chairman of Credit Suisse. Together, Mr. Kaga and Mr. Gut launched the first convertible issue for a Japanese printing company in 1975.

The skepticism has since subsided. Japanese borrowing now accounts for 46 percent of all money raised by foreigners on the Swiss market, and the convertibles, which are issued as private placements, account for a third of all money flowing out of Switzerland to borrowers abroad.

The Japanese convertible shares some features with a classic convertible, which is essentially a fixed-interest bond that can be exchanged for the issuing company's common stock. The rate at which the bond can be converted into stock is usually set at a price above the level at which the stock is trading at the time of the bond's issue.

Traditional convertibles are usually considered best suited to hedging in uncertain markets. In return for accepting a yield lower than that of a straight bond, the holder has an option to buy shares at a fixed price if the stock markets begin to soar.

This same image, however, hardly applies to the Swiss market's Japanese convertible, which is designed for rapid turnover and fast payout. The conversion premium — the percentage by which the conversion price exceeds the current stock quote — is a low 5 percent. By contrast, some recent dollar-denominated convertibles have been offered with premiums of 25 percent.

At first glance, the Japanese convertible do not look attractive. Their coupons pay very low returns of only 7 7/8 percent or at most 2 1/2 percent a year as compared with 10 percent or more on Japanese dollar-denominated Eurobonds. And the selling price is always set at a par of 100.

Nevertheless, the strong showing of Japanese stocks and the strengthening of the yen, which has even gained ground on the Swiss franc, are driving up the value of convertibles.

A list compiled by a major Swiss bank shows that among the most actively traded issues 146 have advanced while only 46 declined this year. Sometimes the price gains have been astounding. Ushio, a high-technology optics company, was up 41 percent this year. Sanyo Yamaya, a precision engine maker, rose 48 percent.

Basically, the instrument is

aimed at professional investors, and ones with sizable bankrolls. The basic purchase price for one unit is 50,000 Swiss francs (\$19,660), a stiff amount by any standard. The brokerage fee, however, is only 365 Swiss francs per unit in Zurich.

The convertibles are issued by the approximately 1,000 leading Japanese companies and are mainly marketed by the big three Swiss banks: Union Bank, Swiss Bank Corp. and Credit Suisse. A few other edge-institutions, notably Julius Baer, Citibank and Clariden also play a role.

Most Swiss traders say that the success of the convertibles is due largely to the efforts of the big four Japanese brokerage houses, Nomura, Nikko, Yamachi and Daiwa. The four dominate the Tokyo Stock Exchange and select the companies that issue convertibles in Switzerland. Swiss observers say the companies orchestrate waves of buying on the Tokyo market to coincide with new convertible bond issues in Switzerland.

The reason for success, however, goes deeper. The Japanese Ministry of Finance closely examines all companies wishing to float issues abroad and insists that a major Japanese bank acts as guarantor. So far there have been only two bankruptcies among the 600 issues floated in Switzerland, and damage to investors has been slight.

Because of Swiss banking secrecy and the usual discretion of brokers, it is difficult to say who the buyers are. One estimate is that about half the buyers are institutions. The other half of the issues is taken by portfolio managers for their clients and by private investors.

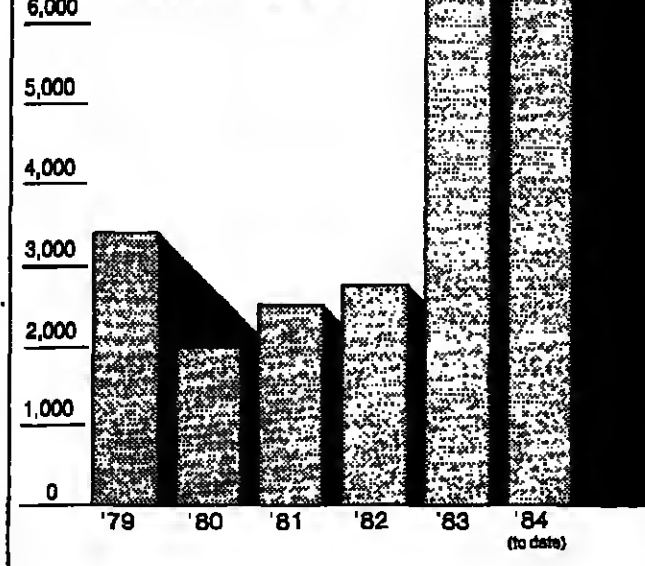
**M**OREOVER, trading takes place outside established exchanges, and transactions are often closed by a quick telephone call. There is no public listing of the convertibles. Even Swiss bankers do not have a clear idea of what percentage of any given issue has been converted. This is a major failing because the number of unconverted shares could play a role in determining the worth of an issue.

Citibank's Swiss subsidiary has begun a secondary market in Japanese convertibles, a development that has brought some order and stability to trading. And there are signs that Swiss authorities want to expand their oversight of the market. The Swiss National Bank plans to demand a more complete registration procedure and prospectus for new issues.

In the meantime, investors should not let the gains in the convertible trade obscure the dual nature of the risks in the market. Though the outlook for the Tokyo stock market and the yen are generally positive, a downturn in both could result in steep losses in currency-adjusted terms.

## An Expanding Market

Accepted offerings of Swiss franc bonds convertible into shares of Japanese companies, in millions of Swiss francs



## U.S. Bond Market Faces a Key Test

(Continued from Page 7)

political backdrop we'll be trading against," said William Sullivan, senior vice president and director of money market research for Dean Witter Reynolds. He said the two key events in January would be the State of the Union message and the president's 1986 budget.

He said that recent indications about the budget and its deficit projections did not inspire optimism. "The question is what will foreign attitudes be when the budget document is formally released and we have a string of budget deficits for three or four years," he said.

An erosion of foreign confidence in the U.S. recovery could reduce the demand abroad for U.S. securities. With fewer buyers, the Treasury would have to tempt investors with higher interest rates on its debt.

Ronald Kimmel, a financial-futures specialist with Prudential-Bache Securities, said that in addition to the release of the budget, there would be a number of Treasury mini-refundings through January and that the recent growth in the money supply would begin to take its toll on the bond market at the same time.

"All of this will be pushing bond prices down for the winter," he said. "I don't think we'll go into a bear market, but I think we'll see a 50-percent correction of this latest upmove."

The other remaining factor is the dollar. For much of 1984, it was believed that when U.S. interest rates fell, the dollar would weaken, perhaps precipitously.

What appears to be happening, analysts suggested, is that because other economies are not recovering with great strength, the central banks of these nations would be likely to use lower U.S. rates as an excuse to lower their own domestic rates. A strong dollar helps keep inflation in check because imports are inexpensive and that keeps a lid on import-competing U.S. goods.

"I think the dollar will remain strong or get stronger," Mr. Kimmel said. "And that will keep inflation at '84 levels or lower. That may be the big surprise of 1985."

This would be a positive development because bond investors focus on the gap between interest rates and inflation, which represents the real yield. If inflation falls, then interest rates can come down without reducing the allure of bonds.

But Paul Jacobson of Goldman Sachs cautioned that: "The market is not poised for bad news." He said that if either the money supply or inflation rose unexpectedly, there would be a sharp drop in bond prices.

Bond investors sometimes fail to appreciate how badly even a fairly modest rise in interest rates erodes bond prices. Take the example of the current long-term Treasury bond that matures in 2014. The bond is trading just over par (100 points), with the yield just below its coupon of 11 1/2 percent.

An investor who sold this bond immediately would receive just over \$1,000 minus commissions.

However, if interest rates were to rise and 30-year Treasury bond yields climbed to 12 1/2 percent, the price of the bond would fall to about \$914.20. That represents a price decline of 8.75 percent.

Those numbers add up to "a definite risk to the bond investor," notes Mr. Sullivan. He suggests that investors may want to begin taking their profits on their long-term government bonds and putting the proceeds into shorter maturities.

Investors who take such an action have already met with some success in the United States. But now a number of British fund managers are offering offshore packages that contain a wide selection of investment choices — all under the same roof and with only minimal paperwork and expense involved in switching.

## FUNDS

# Comparing the Funds Globally

A new study produces intriguing results

By William McBride

**T**HE FUND investor whose goal is capital growth rather than income would probably have done the best in the past 18 months by putting money into the international funds that emphasize holdings in smaller technology companies in Japan and Hong Kong.

That is one of the conclusions drawn from an initial study that seeks to compare the performance of both international unit trusts and U.S.-registered mutual funds. The study was carried out by Lipper Analytical Securities, which has long tracked the performance of U.S. mutual funds. Michael Lipper, president of the firm, says he believes that the study is the first effort to compare fund performance on a global basis.

Lipper Analytical currently tracks 700 mutual funds registered with the U.S. Securities and Exchange Commission. For the global study, it looked at an additional 400 funds based outside the United States and not registered with the SEC.

The study compared the performance of those funds over two time periods based on the highest and lowest values of an index of U.S. growth funds. The periods, from June 23, 1983, until Nov. 26, 1984, and from July 26, 1984, until Nov. 26, 1984, represent the performance from the latest peak and latest trough of the index. Performance was based on total return,

## The Leaders: A Comparison

The total return performance of the five leading U.S.-registered funds and the five leading funds based outside the United States during the periods June 23, 1983 to Nov. 26, 1984 and July 26, 1984 to Nov. 26, 1984. The figures assume reinvestment of income.

From June 23, 1983 until Nov. 26, 1984:		From July 26, 1984 until Nov. 26, 1984:	
Non-U.S. Funds		U.S.-Based Funds	
GT Honshu Pathfinder Fund	65.9%	Prudential-Bache Utilities Fund	37.3%
GT Capital Small Companies Fund	54.4%	Vanguard Qualified Dividend I	28.3%
JF Japan Smaller Company Trust	43.5%	Sequoia Fund	28.2%
JF Japan Technology Trust	42.8%	Fidelity Select, Technology	26.6%
Wardley Japan Trust	38.5%	Merrill Lynch Pacific	26.5%
From July 26, 1984 until Nov. 26, 1984:		From July 26, 1984 until Nov. 26, 1984:	
Non-U.S. Funds		U.S.-Based Funds	
GT South China Fund	41.7%	Prudential-Bache Utilities Fund	28.3%
Handerson Baring Hong Kong Fund	41.0%	Century Shares Trust	21.8%
Schroder Hong Kong Fund	39.3%	GT Pacific Fund	19.7%
Old Court Hong Kong Fund	31.4%	Fidelity Select, Financial	19.3%
Wardley Japan Trust	30.5%	Vanguard Qualified Dividend	19.0%

Source: Lipper Analytical Securities

which includes both the change in the net asset value of the funds' shares and the dividends paid.

Six categories of funds were compared: capital appreciation, growth, funds seeking both growth and income, natural resources, gold and fixed income.

The results showed that the non-U.S. growth and capital appreciation funds outperformed their U.S. counterparts in both periods. However, the U.S.-registered natural-resource, gold and fixed-income funds fared better than the international funds in the same categories. The same result held for U.S.-registered funds seeking both growth and income.

For example, in the growth-fund category, the international funds had a negative total return

in the period from June 23, 1983, to Nov. 26 of 3.77 percent while the U.S.-registered funds had a negative return of 10.95 percent. In the period from July 26 to Nov. 26 of this year, international growth funds showed a total return of 10.56 percent, compared with 9.78 percent for the U.S. funds.

The accompanying table shows the performance of the five leading U.S. and non-U.S. funds in both periods. For purposes of the study, GT Pacific was regarded as a U.S. fund because it is registered with the SEC. The table indicates that the income-oriented investor probably would have been wise to invest in funds with holdings in securities sensitive to U.S. interest rates, such as bonds, utility stocks

and financial institutions. A geographic breakdown of the results showed that funds that concentrated holdings in Japan showed a total return of 31 percent for the period from June 23, 1983, and 18.3 percent for the period from July 26.

Mr. Lipper offers a number of caveats to fund investors who would use these initial results as a guide. First, he notes that the periods under study may be too short to be meaningful. Also, there were only a limited number of funds in some categories and some do not report prices daily or in U.S. dollars, which makes the results less definitive.

Finally, he stresses that the past performance of any fund is no guarantee of future results.

## Easing the Pain of Switching

By Barbara Rosen

**S**HOULD I be in stocks? Are bonds better? How about the currency factor?

Each year investors in specialized mutual funds face the same ordeal: switching assets from one instrument to another, hoping to keep pace with the changing mood of the market. Regardless of the outcome, the process is time-consuming and expensive.

Not surprisingly, the discretionary "fund of funds" is growing in popularity. Such funds are designed to eliminate a lot of the nettlesome details that usually accompany an individual's decision to reallocate assets.

The concept of a family of funds has already met with some success in the United States. But now a number of British fund managers are offering offshore packages that contain a wide selection of investment choices — all under the same roof and with only minimal paperwork and expense involved in switching.

The Gartmore Capital Strategy Fund Ltd., recently incorporated in Jersey and traded on the London Stock Exchange, is a good example. Launched in May, it is a virtual supermarket of funds, offering shares in no less than 15 funds. They include currency deposit funds, equity funds, a U.K. bond fund and a yen convertible bond fund.

Assets can be spread among the various funds and switched from one fund to another at any time. Investors are entitled to four free switches a year; additional switch-

These new fund groups are designed to reduce the cost, details and time involved in redirecting a portfolio.

as cost a fee equal to 1 percent of the value of shares moved.

There is an annual management charge of 0.34 percent, but there is no front-end charge. This concept is relatively new in Britain, where mutual funds usually charge 5 percent up front, much of which is given to a broker.

"There's a rising tide of conservatism among investors," said Adrian Collins, managing director of Gartmore Investment Management Ltd. and a director of the Capital Strategy Fund. "If you know your own mind or you've got an intermediary who's charging you a fee, then the concept of front-end loads is looking a little suspect."

So far the fund has attracted more than \$70 million, giving Gartmore a reasonable chance of reaching its target of \$100 million by the end of the year. The eventual potential of the market, however, is difficult to gauge.

"These will be popular in different pockets of the world for various different reasons," said Peter Saunders, a partner in the London brokerage of Greaves, Grant & Co. He suggested such funds may find a loyal following among

funds, a 2.5-percent switching fee and a 1-percent annual management fee.

Incorporated in the Cayman Islands, Schroder is also traded on the London exchange. It premiered last month and has about \$4 million under management. It offers 18 types of shares tied to 11 equity funds, two fixed-interest funds and five currency funds.

Though both the Gartmore and Schroder funds provide some degree of flexibility to an investor, returns can only be as good as performance of the fund management. An individual can be an expert market timer and quickly switch funds, but that does not necessarily mean that those making the overall investment decisions for each fund will make all the right choices.

All 13 funds in Gartmore's Capital Strategy Fund are new, so it is difficult to judge how they will perform. In London, the performance of Gartmore's unit trusts have been somewhat uneven. One broker said they have been "undistinguished" for awhile but have improved recently.

Since the Gartmore and Schroder funds are located offshore, neither is subject to U.K. taxes or stamp duty. Investors, however, are not necessarily free of tax liability in their countries of residence. Individuals should consult an accountant or tax adviser before investing in any offshore fund.

Both Gartmore and Schroder expect to be accorded "distributor" status for these funds by British tax authorities. When disposing of their shares, this would allow investors to pay a capital-gains tax, which includes an exemption of the first \$5,000 (\$6,720), instead of the income-tax rate that can range as high as 60 percent.

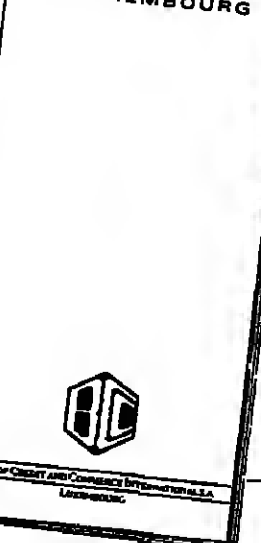
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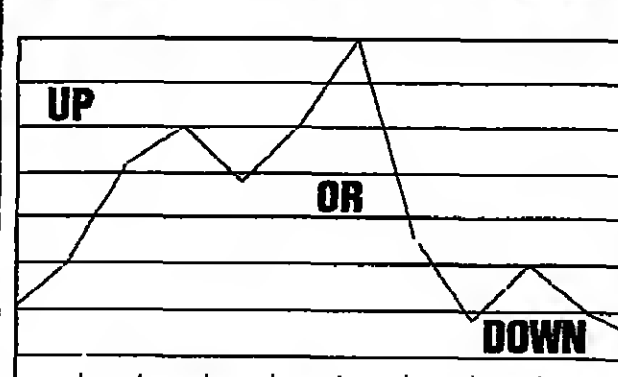
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## THE BOURSES

## The Markets in 1985: Four Views on Shape of Things to Come

With the new year approaching, investors will be spending the next few weeks tidying up their stock portfolios, calculating gains and losses, and searching for prospects in 1985. The International Herald Tribune asked four top analysts in major markets around the globe to share their assessments of what lies ahead. Here are excerpts from their comments:

## New York: A Case Of Tax Jitters

Richard Paget, senior vice president for equity research, Shearson Lehman/American Express, New York.



In large part the stock market's current disappointing performance is a function of a slowing economy that has become a major concern among investors. The other major worry is the U.S. budget deficit and its implication for world economies and financial markets, a debate that has been rehashed again and

again in recent years. The newest wrinkle, and the one that is causing the most concern, is the proposed remedy for the deficit, that being tax modifications and expenditure reductions.

The confluence of these concerns, as well as end-of-year tax selling and portfolio window dressing, has pressured stock prices in the post-election period, and the downturn could carry through until year-end.

However, December will represent the best time to buy, rather than sell, stocks. This month should be seen as an unusually attractive investment opportunity to buy low when stock prices are being depressed by what will prove to be short-term concerns.

How will a more bullish investment scenario emerge? First, do not look for a recession in the U.S. economy for a number of reasons. The Federal Reserve is likely to continue to push rates lower. The service sector of the economy continues to show gains in employment, and therefore personal consumption will increase.

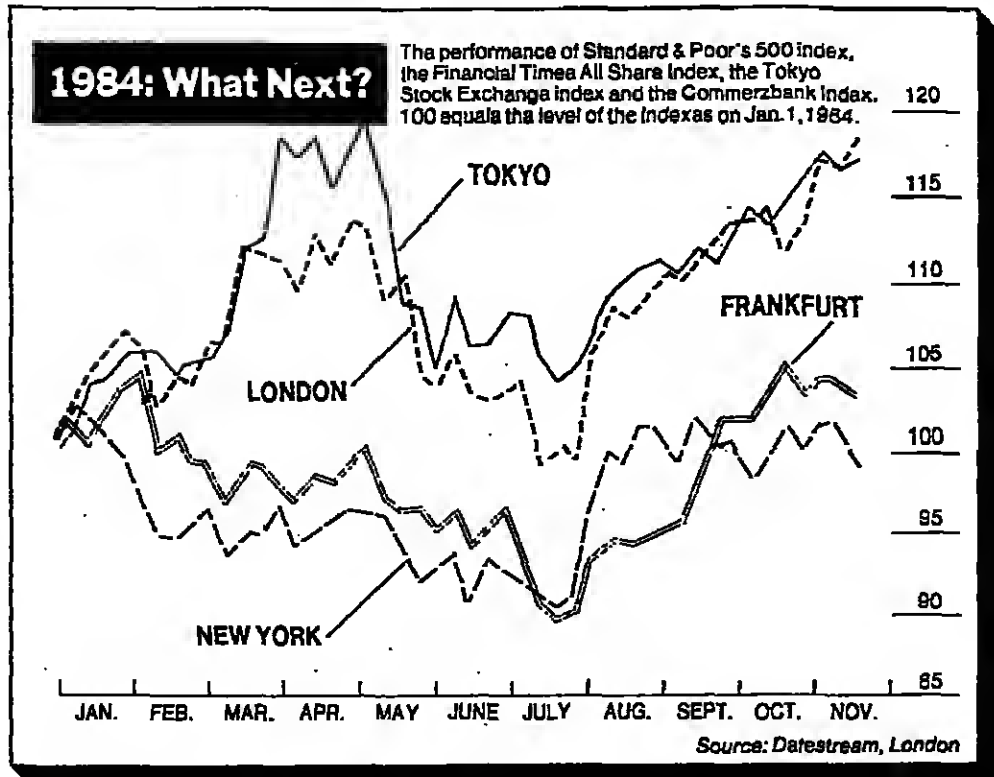
Moreover, each postwar recession has been preceded by rising inflation, which later led to higher interest rates. There is no sign of high inflation on the horizon, so investors should not worry about higher rates.

The bulging deficit will be reduced through enactment of a combination of tax increases and budget reductions. It is doubtful that this will involve any radical changes in tax policy.

Specifically, investors should look for opportunities among growth stocks where an expansion of price/earnings multiples will provide for the bulk of capital appreciation.

For example, Motorola presently sells at about \$32 per share. If the company earns about \$3.50 per share in 1985 as my research department estimates, part of the expected appreciation in the stock will reflect an earnings increase, but the majority of the upside potential will stem from a P/E multiple that will likely expand to 13 to 14 times as investors pay a premium for earnings growth. If correct, the stock could sell in the mid \$40s within the next 12 months for a gain of about 50 percent.

Another growth stock example is Warner Lambert, which presently sells at about \$33, or about 10.3 times the estimate of next year's earnings. Again, if the P/E expands to 13 to 14 times, this implies a price of about \$43 or an appreciation of 30 percent from current prices.



## London: Policies Favor the Market

Kenneth Inglis, head of equity research for the United Kingdom, Phillips & Drew, London.

BRITISH authorities are pursuing an economic policy which is intrinsically favorable to the equity market in the U.K. One of the main features of the policy is a drive to reduce interest rates. This has favorable implications for bond prices in particular, but equities should also benefit. The problem for the foreign investor is that Nigel Lawson, British chancellor of the Exchequer, is also prepared to tolerate a degree of sterling weakness. However, our view at Phillips & Drew is that the dollar looks more over-priced than the British pound.

The probability that Mr. Lawson will be able to allow some gentle fiscal stimulus in his 1985 budget is another prominent feature of the government's economic policy.

Also brightening the outlook for 1985 is the likelihood that the profits of U.K. companies will rise 15 percent. Dividends are currently growing at a similar rate.

Moreover, British companies are showing a more

open-handed approach to dividend distribution, partly because of the fear of unwelcome takeovers. Pay-out ratios, however, are very low by historical standards and companies can generally well afford the higher distributions.

The Financial Times 30-share index, which now includes British Telecom, recently made a new high of 929. The index could go higher in 1985 possibly reaching 975 by the end of the year. If everything goes well — and for Britain that includes stable oil prices in sterling terms — the magic 1,000 barrier could be breached.

The electronics sector, where profit growth over the next few years is forecast to exceed the general average, is expected to do well in 1985. Britain continues to produce a good stream of new high-tech ideas and entrepreneurs to develop them. Interest in the sector should stay high.

Elsewhere, the composite insurance sector is another favored area. Companies exposed to the improving North American underwriting cycle are especially promising. Renewed takeover interest can be expected in this sector, with Allianz of West Germany still a potential purchaser.

Sectors whose prospects look less appealing include stores and food retailing, where current ratings often look high in relation to profit prospects. Britain enjoyed something of a consumer boom with the arrival of North Sea oil, and retailing conditions have been fairly easy — helped in part by an influx of high spending American tourists. But life could get tougher from here on.

Stocks which should do well in 1985 include GEC, where the company is now using its cash mountain to buy its own equity. Apart from that, the company should do better in power engineering and looks for major progress in military avionics.

Among insurances, we expect Royal to be a major beneficiary of improving underwriting experience.

Other stocks with good potential include Hickson International, an undervalued specialist chemical company which has been curiously ignored by the market up till now. New management is expected to change all that.

## Tokyo: Technology Appears Promising

Kinya Tsubaki, managing director, Nomura Securities Investment Trust Management, Tokyo.

ACCORDING to the mid-1984 "OECD Economic Outlook," the Japanese inflation rate in 1985 should be the lowest among the seven leading industrialized countries. The OECD forecasts that the inflation rate in Japan will be 2 percent, compared with 4.75 percent in the United States and 3 percent in West Germany. As a result of the low inflation, interest rates in Japan have stayed at relatively low levels, and further decline is expected in accordance with declining interest rates in the United States and Europe. The appreciation of the yen against major currencies, which we expect, will also contribute to the decline of interest rates.

Oil prices will continue to be weak throughout next year. This should be more beneficial to the Japanese economy than to any other major countries because Japan's oil imports are biggest in volume relative to economic size.

The Japanese economy is thus entering its third year of sustainable growth, with lower interest rates, a firmer yen and weaker oil price. Corporate profits are expected to show double-digit growth again in 1985. In 1984, the rise will be about 24 percent.

Both stock and bond markets in 1985 will continue to be active. The Nikkei Dow Jones Average for the Tokyo stock market will probably mark a new historical high again sometime next year, for the reasons mentioned above. Its highest point in 1985 may be around 13,000 yen. The Tokyo market has advanced to a new high every 12 years in the past three decades. Previous highs were reached in 1961 and 1973. And 1985 will mark another 12-year cycle.

Our basic strategy is based on the outlook that the Japanese economy for 1985 will be supported more by domestic than external demand, which contrasts with the case in 1983 and 1984.

The best-performing sector in 1985 should be the high-technology sector. In particular, we focus on stocks that are related to the development of information-network systems and optical technologies. Bio-technology and new-materials-related stocks also continue to be attractive and promising. In addition, the companies that will benefit by the deregulation policy of the government are expected to be strong performers in 1985. Airlines, banks, communications systems and urban-development-related stocks are included in this category.

On the other hand, stocks related to raw materials, such as steel, shipbuilding and construction, should be poor performers in 1985. The shipbuilding industry still has structural problems, and profits in the construction industry will continue to suffer from restraint in government spending.



Kinya Tsubaki

I would pick the following stocks as the most promising for price appreciation in 1985: Fujitsu and Anritsu Electric in the information-network and optical-technology area, Sankyo for its biotechnology and Asahi Glass for its new-materials products and fine ceramics. Sumitomo Bank should be one of the most promising stocks in the deregulation-affected industries.

## Frankfurt: Rates Are Crucial Factor

Gisela Schütte, the head of research at Berliner Handels-und-Frankfurter Bank (BHF), Frankfurt.

IN contrast to developments in the U.S. and Japan, the upturn in West Germany has so far been modest and steady and there is a good chance for a continuation of relatively inflation-free growth. If this is true, investors will then be willing to accept lower real interest rates and price/earnings ratios because corporate profits will be less inflated than before.

In the past year, stock prices have benefited from a substantial increase in corporate profits. But the extent to which the economic slowdown in the United States will affect the earnings performance of West German companies, especially those that benefited from strong exports to the United States in 1983 and 1984, is a big uncertainty.

Instead, falling interest rates are expected to play a large role in supporting stock prices in 1985. Under such circumstances, it is not unrealistic to expect the dollar to stabilize at a level of about 2.70 to 2.90 Deutsche marks.

In 1985, I expect the average increase of earnings of German industrial companies to slow to roughly 6 percent after the large gain of 13 percent in 1984. But there will, of course, be sizeable variations from sector to sector. On the FAZ-index, I expect share prices to rise to 420 to 430 from their current level of about 370.

The construction and chemical industries will be down. On the upside will be the capital-goods industry, machine-tool companies and, to an even greater extent, the electronics sector. Also, the outlook for the automobile companies is mixed.

Electronics is perhaps really the only growth sector in Germany. Siemens is the favorite here. The company has concentrated its efforts on more and more sophisticated products and thus is changing its image from a conservative electrical to a "high-tech" company.

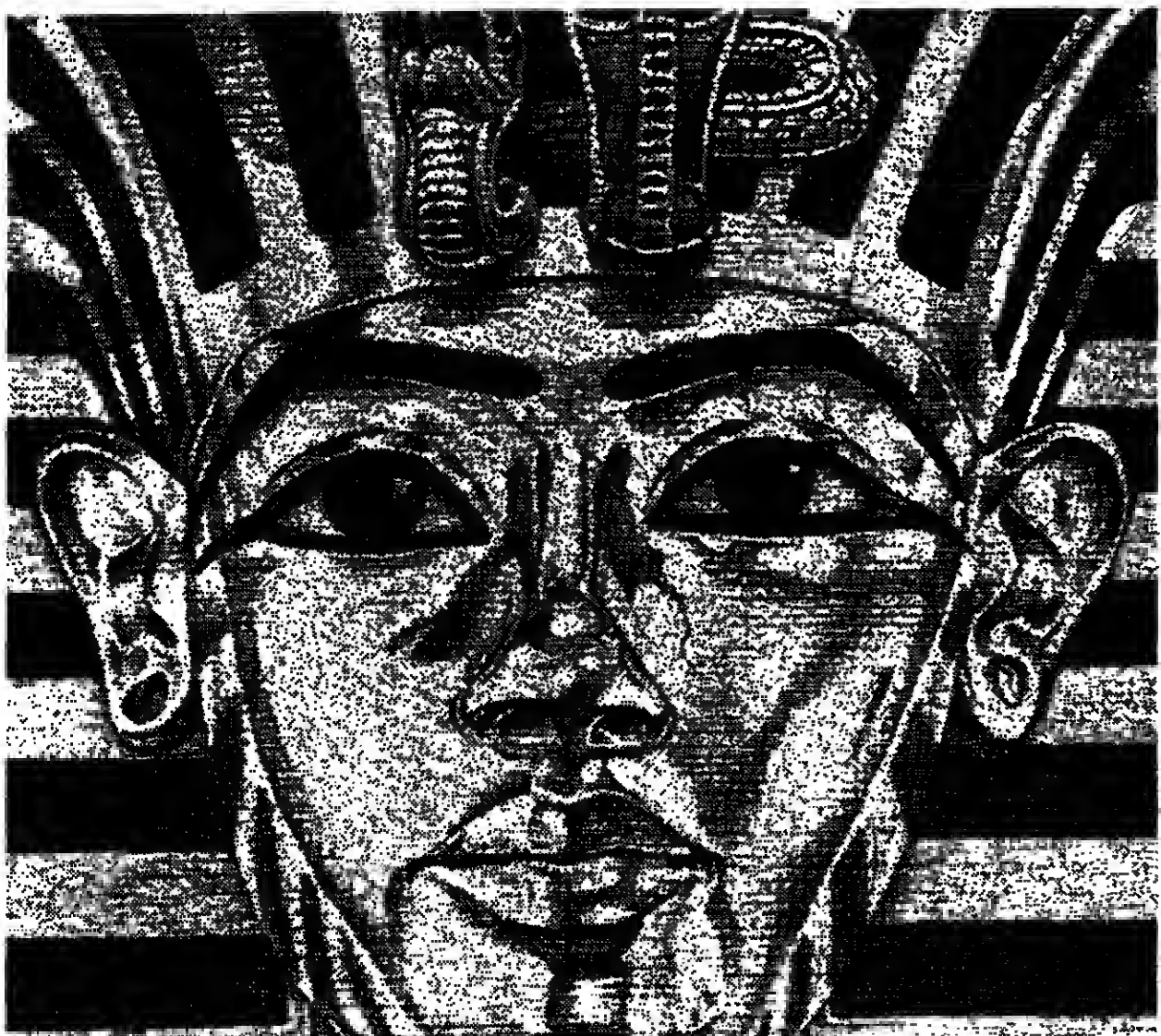
My next choice is Nixdorf AG. Even in the highly competitive U.S. market, Nixdorf is establishing itself as the biggest foreign supplier.

Another German company in a strong position is SEL. Because of its capabilities in telecommunications, the company will come out of a period of restructuring and stagnant profits to reap a harvest.

Likewise, a turn for the better is expected for Mannesmann. The company's strategy to reduce its dependence on the pipe business and to diversify into machinery and electronics is showing its first results after a sharp earnings decline in 1983.

Meanwhile, Deutsche Bank is among the stocks most sensitive to interest-rate movements. The large proportion of savings deposits keeps this bank's funding costs low.

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# A Closer Look At High Tech In Hong Kong

By Dinah Lee

JUST over a year ago, Hong Kong's electronics stocks were enjoying a budding romance with the local market. Now issues were coming to market at a brisk pace. Profit forecasts looked promising. And investor demand was high.

Since then, however, the relationship has been anything but tranquil. Earnings among electronic companies have proved disappointing, and the sector boasts one of the highest rates of corporate failures in Hong Kong.

Moreover, a recent scandal in the industry has done little to brighten the sector's reputation. Alex Au, the founder and former chairman of Conic Investments, once the largest of Hong Kong's electronics companies, has been accused of mismanagement that contributed to losses of 374 million Hong Kong dollars (\$47.7 million) in 1983.

Specifically, Mr. Au is alleged to have borrowed excessively from the publicly traded holding company to provide funds for privately held subsidiaries. Mr. Au has left the colony; his whereabouts are unknown.

Still, experts say the electronics sector cannot be totally discounted. And recent setbacks have created some undervalued bargains for selective buyers.

The outlook for electronics was rosy in July 1983 when a series of new issues came to the market. Investors, bored with blue chip banks and wary of the collapsed property market, saw electronics as an opportunity to enter the local industrial sector. Although underweight in the property-dominated Hang Seng index, the industrial sector has fueled the colony's phenomenal growth, which is forecast to reach 8 percent this year.

Inexperienced technology investors were dazzled by the glamour of high-tech stocks and were hoping the fledgling sector would duplicate the success of Japanese technology companies. And generous profit forecasts whetted the appetite.

Not surprisingly, subscription levels for some stocks reached 10 to 100 times the number of available shares.

Enthusiasm was so high that for a time last winter it seemed that any product using electricity could profit from being added to the "high-tech" list. Companies with little more than low-tech assembly operations came to the market for capital, promising high-tech expansion or diversification.

Events have disillusioned many investors over the past year. Some companies run into production problems after relying on erratic component supplies from neighbors like Japan or Taiwan.

More important, diversification plans have often proved inadequate or misguided, leaving companies too dependent on single-product lines. For example, Hong Kong manufacturers have depended heavily on the U.S. boom in telephone and private switchboard sales, and exports of new telephone products soared last year by 527 percent.

Some analysts are critical of the role played by the merchant banks that underwrote many of the new issues. "Often the merchant banks advised their clients to come up with a diversification plan so they would have a good reason to tap the market for capital," a Chinese broker said. "Now we find different executives of the same company disagree on what that capital was supposed to be used for."

The reluctance to forsake electronics is understandable. Electronics manufacturing is Hong Kong's second largest industry after textiles, and electronics shipments last year amounted in 23.8 billion dollars, or 23 percent of total domestic exports.

These and other glowing statistics have encouraged Hong Kong's faith in electronics equities. Moreover, a number of observers have expressed guarded optimism about the future now that the electronics sector has gone through a maturing process.

Analysts advise investors to be very discriminating when buying electronics stocks in Hong Kong. Individuals should closely study a company with an eye to management's aims. Some companies may have only short term goals now that China has reached an agreement with Britain to take over sovereignty of the colony.

"Let's face it," said a British broker who declined to be identified, "we'll see a lot of these companies trying to unload some of their holdings over the next couple of years to reduce their exposure to political developments."



The action at the Hong Kong Stock Exchange

colony's small and medium-sized companies has enhanced competitiveness in the short term, it has dampened capital-intensive improvements in research and development, marketing and sales skills. This tendency is expected to put Hong Kong at a disadvantage with Taiwan, South Korea and Singapore, where government sub-

sustain previous profit figures, much less rates of growth in profit," one broker said.

Nevertheless, there are signs that the electronics sector has learned from its mistakes. Moreover, a number of analysts are expressing some optimism about the future now that the industry is moving to correct some of its flaws.

Hoare Govett, the stockbrokerage, recently published a study that said research and development should improve, "but the companies which will be successful in generating high rates of earnings and dividend growth for the shareholder in the next few years are those that have already devoted resources to those areas."

In a similar study, Vickers da Costa said that the recent shakeout in the industry is forcing remaining companies to move up-market into high-added-value products. Experts at Vickers said the movement is not limited to the consumer electronics field. It is widespread, they said.

"For the moment short-term prospects are bright," Vickers concluded in its study. "Longer term, while we cannot dismiss the likelihood of the industry finding itself in a narrow, low-margin production (cycle), we are cautiously optimistic."

Of 10 companies analyzed in the report prepared by Hoare Govett, only minor makers Johnson Electric and BSR International PLC were recommended. Both also head the buy list of Vickers da Costa, which estimates the price/earnings multiples of BSR and Johnson at 8.8 and 9.0, respectively.

Vickers da Costa also favors battery maker Gold Peak and Eveready Industrial Enterprise and Sheng Electric, ceiling fan manufacturers that are profiting from sales in the United States.

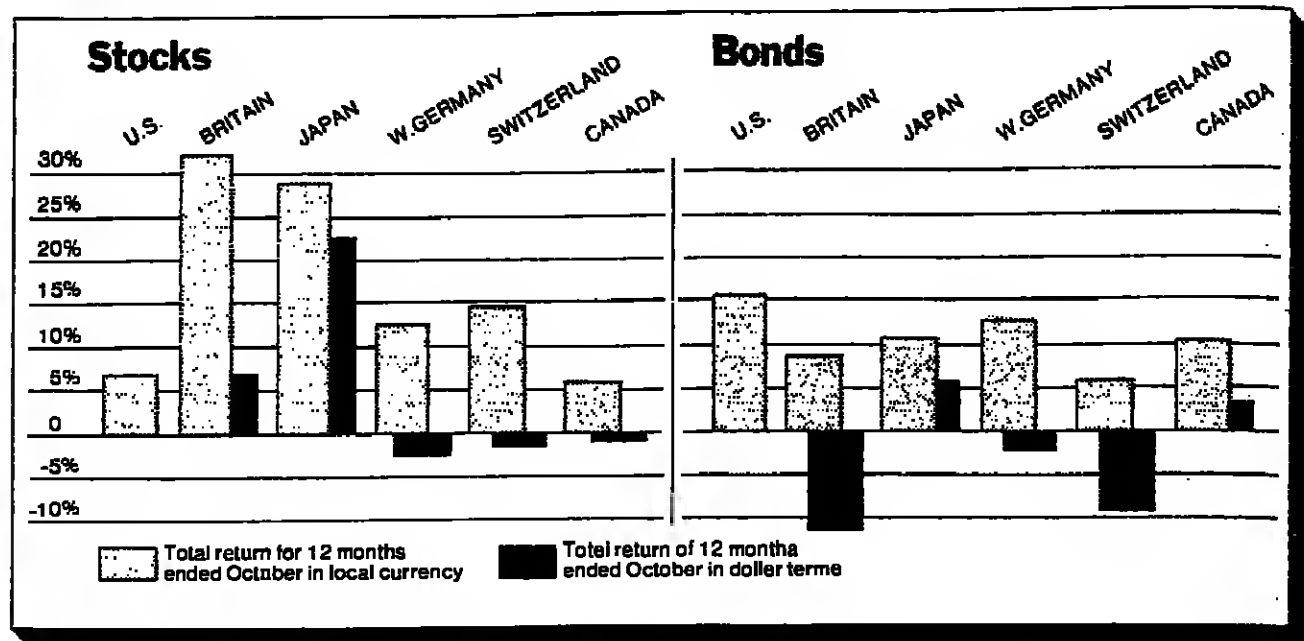
By contrast, Wong's Industrial is receiving poor marks from Hong Kong brokers. Profits this year are expected to be down 30 percent because of the shakeout in the personal computer market. The company was also hurt when its links with Atari, the American video game manufacturer, were severed.

Similar doubts have been expressed about Atlas Industries, suppliers of magnetic heads for computer-tape or disc-storage use. Despite its close relationship with IBM, Sony and Olivetti, Atlas is not expected to meet its earnings forecast this year because of over-rapid expansion.

On the American Exchange, Prentice Hall, a book publisher,

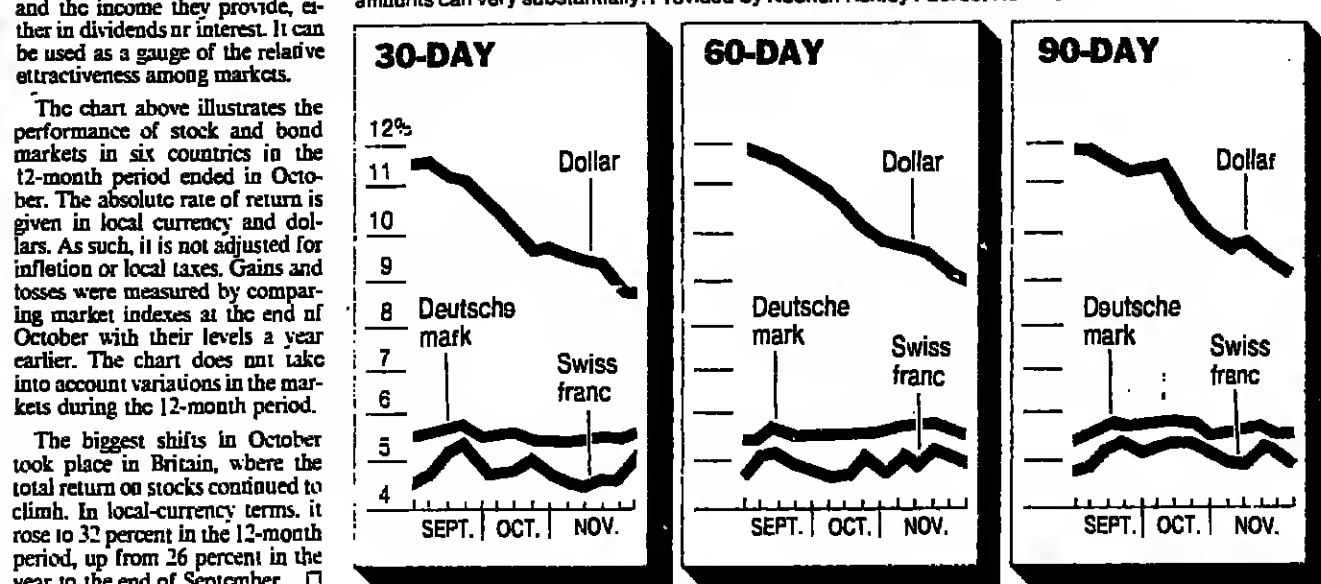
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## November Leaders and Laggards

LONDON was the star performer among three major stock markets in November, with the Financial Times industrial share index rising a healthy 3.3 percent to end the month at 917.8. The British Telecom issue, which was heavily oversubscribed, closed out November on a solidly positive note.

There was no underlying theme to the list of biggest gainers, however. The shares of Currys, the electronics retailer, topped the gainers list for the second month in a row as Dixons continued its takeover efforts. Cable & Wireless, the telecommunications group, turned in the second best showing, followed by Lucas Industries, a maker of aerospace and auto equipment. Lucas's interim results confirmed its strong turnaround.

On the negative side, Johnson Matthey, whose banking unit was rescued by the Bank of England in October, again headed the losers list, followed by Dunlop, the tire maker. Dunlop announced sweeping changes in its board as part of its push to restructure.

In New York, the Dow Jones industrial index had a lackluster month, slipping 1.5 percent during November to 1,183.94. The biggest gainer was Prairie Producing, an oil and gas company acquired by Placer Development of Canada for about \$194 million. It was followed by Omak, a leading maker of cutting chains for use in power saws. Omak is to be acquired by Blount for \$268 million, or \$37.50 a share.

Donaldson Lufkin, the Wall Street investment firm, soared after agreeing to be acquired by Equitable Life Assurance.

International Harvester received a boost from a plan to sell its farm-equipment business to Tenneco.

A VCO, a diversified manufacturing and financial group based in Connecticut, was buoyant most of the month thanks in takeover maneuvering. Late in the month, Textron, another New England-based conglomerate, bid \$47 a share for the company and last week raised the offer to \$50 a share, or about \$1.4 billion.

Leading the New York list of losers was struggling Western Union, which omitted its dividend to conserve cash. It was followed by John Blair, a marketing and communication company. John Blair said it expected to report lower profit for the year. Helene Curtis, the beauty-products company, tumbled after announcing that it was expecting to report a loss.

On the American Exchange, Prentice Hall, a book publisher,

## Gainers and Losers

The stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in November.

GAINERS		LOSERS	
Percent Gain	Nov. 30 Price	Percent Loss	Nov. 30 Price
<b>New York Stock Exchange:</b>			
Compiled by Madie General Financial Services. Prices in dollars			
Prairie Producing	80 17.50	Western Union	45 9.50
Omak Industries	46 38.50	John Blair	38 15.25
Donaldson Lufkin	30 29.75	Helene Curtis	35 14.00
International Harvester	22 7.63	Mestek	31 3.00
Computer Sciences	22 15.38	Integrated Resources	31 13.93
Avco Corp.	22 47.00	Valero Energy	29 8.00
Geerhart	21 13.75	Comdisco	28 9.75
DI Giorgio	20 14.75	Evans Products	29 3.50
Telecom	20 3.00	World Airways	29 4.00
Public Service N.H.	19 4.63	Oak Industries	29 2.89
<b>American Stock Exchange:</b>			
Compiled by Capital International. Prices in pence			
Pratt & Whitney	57 70.99	Tridex	41 4.13
Kopak	53 2.88	Oklop Copper	39 3.93
Johnson Products	38 4.25	TIE Communications	39 9.00
Servotronics	29 9.38	Ganisco Industries	31 3.25
Cook International	29 13.50	Pico Products	31 4.13
<b>Over the Counter:</b>			
Baltech	93 10.50	Unimed	60 4.25
Energy Reserve	78 9.13	Florax Int'l	51 4.13
Decision Systems	89 3.38	Sperit Drug	49 5.00
Cadec	67 3.13	Peak Health Care	40 11.63
Old Kent	64 32.88	United Education	40 3.75
<b>London Stock Exchange:</b>			
Compiled by Capital International. Prices in pence			
Currys	28 529	Johnson Matthey	55 68
Cable & Wireless	23 421	Dunlop Holdings	27 24
Lucas Industries	19 292	Bank Ireland	20 240
Hembro Life Insurance	18 471	Courtauld	13 117
Amazem International	18 343	Plessey	10 206
Hepworth Ceramic	18 151	Allied Irish Banks	10 123
Associate Newspapers	18 459	Ultramar	9 238
British Comm. Shipping	15 221	BSR International	9 148
Marley	15 95	Boala	7 188
Cookson Group	14 453	Serratt Developments	6 88
<b>Tokyo Stock Exchange:</b>			
Compiled by Capital International. Prices in yen			
Toho	80 13,790	Daiichi Sanyaku	15 1,900
Kikkoman	39 840	Alps Electric	13 1,990
Shinku Jitaku Sogo	23 258	Ebare	12 342
Nippon Fire & Marine	22 375	Ono Pharmaceutical	12 7,700
Sumitomo Bank	22 1,570	Ricoh	12 960
Daiichi Kanyo Bank	19 1,260	Brother Industries	11 740
Nippon Gekki	18 1,510	Shin-Etsu Chemical	11 1,110
Bank of Tokyo	18 578	Hitachi Axell	11 2,760
Hokkaido Tokushoku Bank	17 350	Chiyoda Chemical	11 729
Sumitomo Marine & Fire	16 626	Hazama-Gumi	10 418

## 600% PROFIT: FACT not FICTION

In the summer of 1982, while the DOW was drooping below 800, we defied prevailing pessimism, predicting "THE DJI WILL HIT 1,000 BEFORE TOUCHING 750." The "Average" subsequently surged to 1290.

Despite the upswing, the "Street" remains bearish or somnolent, chaffing at the fact that vast segments of the fiscal "Grand Canyon" missed the "move." As recently as a month ago, a chartist at a prestigious investment house, after caressing his ouija board, divined that the Bull was slain, and that the DJI would plunge under 700. His hallucinations will prove as errant as the widely vocalized pronouncements of Granville, Kaufman and other pundits who embraced apocalyptic thinking—seers who incorrectly prophesied higher interest rates and lower equity prices. In updating our vision of the DOW hurtling over 2,000 we are in allegiance with contrarians, with "Elitists" preconditioned to buy into weakness and to sell into strength, flouting the manic-depressive nature of the "Street." Since late 1981, approximately 90% of stocks recommended by CGR have escalated. As a corollary, we have been fortunate in cutting out fact from fantasy, having urged readers to "short" APPLE at \$56, COLECO around \$50, COMMODORE at \$58, and TANDY at \$54. To say that the "Quartet" has soared is sheer understatement.

The plasticity of achievement is exhilarating, a plasticity that will propel mankind to levels undreamed of a decade ago. There will be spastic sell-offs; every rocket quivers during its ascent. Temporary aberrations cannot be erased, but the optimist will predominate. Centuries from now, historians will observe that in flying to the galaxies mortals touched the face of God, that the Silence of Space that enwombs the Earth was not totally void—that in this era the dire events of Orwell's novel 1984 "will wilt, and that the eternal spirit of man somehow, somewhere, found its voice, took wing, and came alive. The "Tape" is telling us that the stabilization of East and West, of confused and chaotic societies, is inevitable. To abandon the market is to refute the élan that will drown doom and gloomers in the quick-sand of their self-serving myopia.

Our forthcoming letter highlights "Big Board" shares that may be raided by predators armed with juicy take-over bids; in addition, C.G.R. reviews two developing corporations with the dynamics to mature into prominence, emulating the success of a recently recommended "special" situation that catapulted 600% in six months.

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Holdings made a tender offer for shares in the oil and gas exploration and production company. That offer expires this month. The tender offer, one trader said, was the only development working in favor of Energy Reserve because the market generally is pessimistic about energy stocks.

Unimed was the big loser in OTC trading. In the first week of November the Federal Drug Administration denied approval for an anti-nausea drug developed by the company.

It was followed on the losers list by Florax. The Securities and Exchange Commission accused the floral supply company of inflating earnings and revenue figures. The company signed a settlement with the SEC, without admitting or denying the charges.

The Tokyo market remained firm during November, with the Nikkei Dow Jones average rising 1.6 percent to 11,438.64. Banks and insurance companies dominated the gainers lists, while chemical and pharmaceutical companies were the big losers.

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## REAL ESTATE

## Feeble Franc Enhances the Discreet Charm of Paris Apartments

Foreigners find that bargains abound, amid the thickets of red tape and tedious transactions

By Jonathan Gage

**T**HE LEAVES are off the trees, the air has taken on winter's damp, and temperatures plunge as low as the French franc.

But in Paris, it is spring in the hearts of foreigners yearning for a good buy in real estate.

They are hunting small pied-à-terres near the venerable Place des Vosges, stalking luxurious duplexes overlooking the rain-gorged Seine, lying in ambush for homes de bon standing on Avenue Foch near the Bois de Boulogne. And, yes, even picking off left space in the bohemian Bastille district.

The buyers are not just romantics afflicted with optimism over prospects for a rebound in France's depressed economy.

They are hard-nosed investors, and they will be heartened by new figures showing that it is not too late to cash in on an abundant supply of low-priced apartments in many quarters of the French capital.

For years, French real estate agents have been saying that now is the time to buy. Paris's *notaires*, the officials who put the seal of law on real transactions, recently provided some statistical support.

While sales of existing (non-new) vacant apartments in the first half of 1984 have remained even with those in 1983, the prices, on average, have not kept up with inflation, the Chamber of Notaires says.

Prices per square meter for these apartments have risen only 2.2 percent in the first six months of this year, compared with inflation of about 3.7 percent.

And Paris prices were already a bargain compared with those in other major cities of Europe, Asia and the United States.

For buyers with dollars to spend, on apartments sold in France, the Paris market has grown increasingly seductive.

At the end of the first half of '84, the average apartment price in Paris was 7,902 francs per square meter — about \$840 per square meter, or \$75.60 per square foot.

"Since September, I've seen perhaps 40 to 50 people looking to buy apartments here," said an officer at a major American bank in Paris. "About one-third of them are going with a sale."

"Right now is a most inviting time to buy," he said. "I don't think it will last, either. Prices will go up or the dollar will go down, or both."

The good news, then, is that there is an abundance of desirable apartments in many of the vibrant, historical and charming neighborhoods of Paris.

The down side, for some, are French laws and regulations that can make transactions tedious and financial rewards uncertain.

Conversations with bankers, agents and *notaires* indicate that the 8th and 9th arrondissements, particularly in their northern sectors, are currently underpriced.

Much of the smart investment money in recent years has been put into small apartments — those of about 40 to 60 square meters — which have then been renovated and resold or leased.

The *notaires*' figures for 1984 show purchases of two-room and studio apartments still on the rise, taking one-third of the market, although they account for only about one-fourth of Paris's apartments.

However, local real estate agents say that many investors are now leaving the smallest apartments to the mom-and-pop speculators, who must look at upwards of 50 units for each one that is eventually purchased and renovated.

"The mood for studios and *deux-pièces* is completely over," says Guy Marty, a housing analyst for Credit Commercial de France. Much of the smart money, he says, has moved to the larger, more expensive apartments.

Likewise, certain quarters of Paris have reached their prime in the current market. The Marais, one of the oldest sections of the city, has passed from royalty to ruin and oow back to affluence through a process of gentrification. Developers caught on to a good thing there in the 1960s, and high prices followed.

A short distance away, across the Place de la Bastille, traditionally considered the launching pad of the Revolution of 1789, another upheaval is under way.

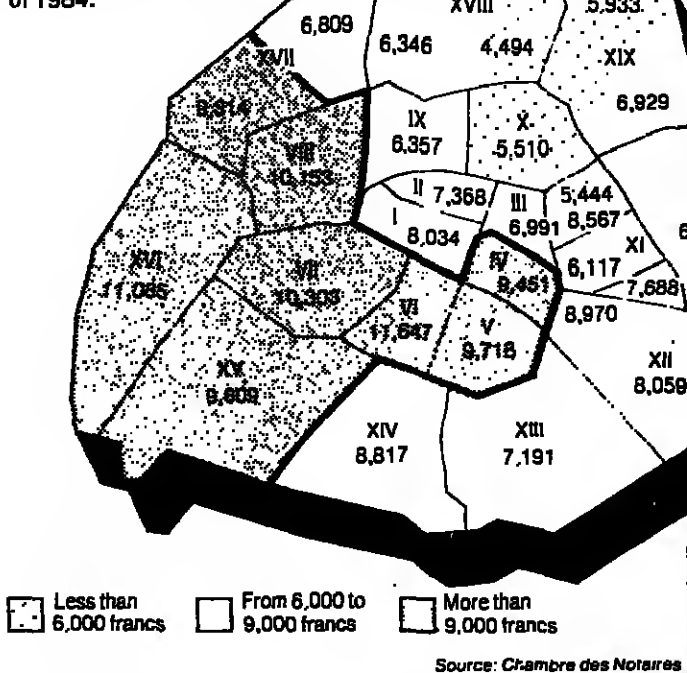
There, in the 11th and 12th arrondissements, artists, photographers, architects and artisans are carving loft space from the centuries-old ateliers of the city's woodworkers and cabinetmakers.

With construction just starting there on Paris's massive new public opera house — known locally as the "Pop Op" — some apartment buyers expect a boom in bohemian. Prices in the 12th, perhaps for related reasons, took a sharp rise this year, and in the 11th arrondissement prices continued their slow and steady rise.

Overall, the *notaire*'s 1984 analysis shows, prices per square meter have held their own against inflation "a little better in the expan-

## Neighborhoods and Prices

Average prices in French francs per square meter for existing apartments in the 20 arrondissements of Paris during the first half of 1984.



Source: Chambre des Notaires

Among them:

■ The Quillot Law, a rent-control measure enacted in 1982, is one reason for the housing bounty, but it is also a source of discomfort for apartment owners.

The law was a boon to tenants for whom paying rent was a burden or a bore, but it helped create a drought of rentals and a flood of apartments for sale.

"It was meant to protect tenants, but it missed the mark," said a U.S. Embassy housing worker. Renters "are facing an incredibly bad situation right now," he noted. The law imposed three- and six-year renewable leases on landlords and, many say, has made it almost impossible for some owners to evict tenants.

Apartment that are rented furnished avoid some of the Quillot Law restrictions, but owners must pay a value-added tax on income. Competent legal advice is a necessity.

■ A wealth tax on overall holdings, also imposed in 1982, is also driving many owners to put property on the block.

By the end of 1982 more than 110,000 apartments stood vacant in Paris, by official estimate. Many experts now say that about 15 percent of the city's habitable dwellings are vacant.

■ Under central bank rules, foreign buyers may only borrow 50 percent of the loan amount in French currency. The remainder, however, may often be borrowed in another currency in France. Or, as many borrowers choose, franc loans can be found offshore.

■ Regulations also apply to the repatriation of funds by foreigners after the sale of property in France. These funds, technically, can be held by the central bank for five years to ascertain that no taxes are owed.

In practice, however, sellers can take their funds from France after appointing a French-resident representative — called a *personne morale* — to accept responsibility. This can be accomplished through a banker or attorney in Paris, for a fee.

■ The relatively few nonresident foreigners whose home countries have no tax treaties with France are liable for a 3-percent annual "forfeiture income tax" on overall holdings. This tax, as one banker noted, is to avoid "shadow residents" who own French property to avoid paying income taxes elsewhere. It is often circumvented by the presentation of proof of taxes paid in a home country.

A few resident foreign buyers will be able to take advantage of newly relaxed rules on heavily subsidized loans. The PAP or *prêt conventionné* loans, handled by the Crédit Foncier

## The Place des Vosges in the Marais district of Paris.

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agency (see Useful Addresses box), have been extended to include medium-income buyers and a broader variety of situations.

The loans offer rates of about 12 percent — compared with standard rates of about 17 percent — on up to 90 percent of the loan amount.

Strict rules apply, including price per square meter, proportion to be spent on renovation and income of the recipient.

One voice of caution is that of Bill Meeker, American owner of Meeker Développement of Paris.

"Do not invest in France with the idea that you're investing in your own home country," he says. "The laws here are not geared to making capital gains. The people and the laws don't understand speculation. It won't really work unless you make a full-time investment of it."

Still, Mr. Meeker says, "for those holding dollars or other high-value currencies, this is the time to invest if you want to unload or to buy Paris property for personal reasons."

"The market," he counsels, "will not go down from here."

## Some Useful Addresses

CHAMBER OF NOTAIRES  
1 Blvd. de Sebastopol,  
Paris  
Tel. 233.17.02 (recorded  
message only)

CRÉDIT FONCIER  
Center of Housing Information  
4 rue des Capucines, Paris  
Tel. 261.50.29

● General information on legal procedures for purchasing property in Paris.  
● Listing of accredited notaires in Paris, by arrondissement, and of the surrounding departments.  
● Regular auctions of apartments, building property. Write for the chamber's regular listing of available properties. "Bulletin National de Prochaines Ventes."

● Personal interviews and printed information on conditions for qualifying for "PAP" or *prêt conventionné*, low-interest subsidized loans for new and renovation property.



A view of the Quai d'Orléans on the Île St. Louis.

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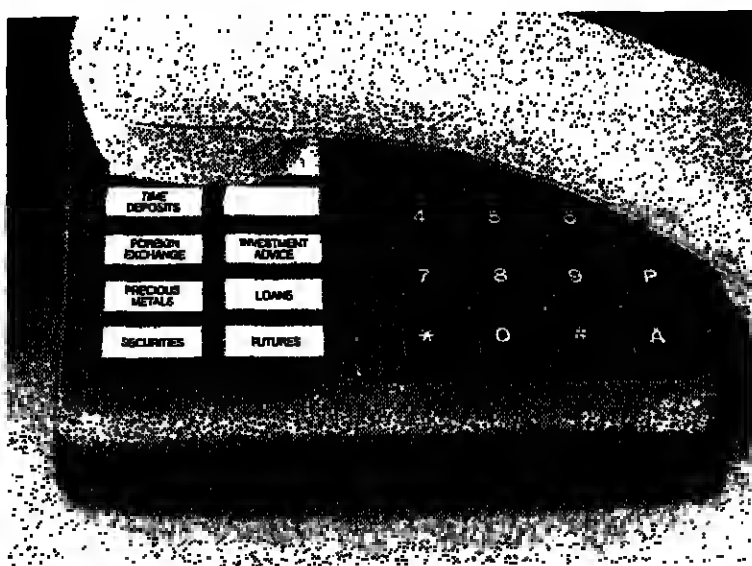
Fund	Price	Yield (%)
Sterling Dep.	£ 1,013	8.89
US\$ Deposit	\$ 1,057	8.50
DM Deposit	DM 5084	4.42
Yen Deposit	¥ 512.80	5.45
SwFr. Dep.	Sfr. 5056	2.00
N. American	\$ 1.03	0.50
Japan	\$ 1.26	0.60
Pacific Basin	\$ 1.13	0.60
Intl. Growth	\$ 0.99	0.60
British	£ 1.10	2.00
Sterling Gilt	£ 1.11	9.80
Intl. High Income	\$ 0.97	12.00
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## SOMETHING DIFFERENT



Kala Dancer, right, galloping to victory in the Dewhurst Stakes.

George Salway

# Betting on the Horse Business

By Lynne Curry

**L**AST year, Snaffi Dancer, a 2-year-old colt and son of the famous champion racehorse, Northern Dancer, was auctioned in the United States for \$10.2 million to a sheikh from Dubai. It was thought to be the highest price ever paid for a horse.

Such astronomical prices are one reason that breeding, racing and investing in thoroughbred horses has long been the preserve of the very rich, the privileged and the powerful. Their ranks range from the queen of England, who owns a breeding farm outside London, to Greek shipping tycoons and Arab princes.

But recently it became possible for the horse lover who possesses neither royal blood nor an immense fortune to experience some of the glamour and excitement of the world of thoroughbreds. When British Bloodstock Agency went public last September on London's Unlisted Securities Market, the investor who aspired to the horse set found a way to indulge his fantasy on a modest scale.

"There are a lot of people who dream it is to own a horse, but their financial situations preclude them from doing so," says Christo Philipson, the managing director of BBA.

BBA's main line of business is the purchase and sale of horses. Another area in which BBA is active is stallion syndication. Through syndications, an individual or group can purchase a share in the ownership of a stallion. BBA will manage the syndicate and be responsible for maintaining the horse. It also participates in the buying and selling of stallion shares.

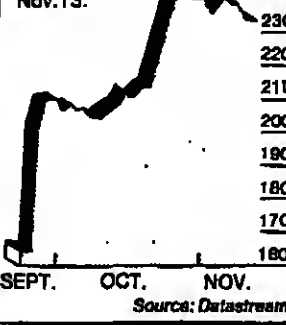
In the United Kingdom and Ireland, stallion syndicates are composed of 40 equal shares. These shares can be very expensive because their holders have the right annually to have a mare bred by the stallion. In the language of horse breeding, a share confers the right to "nominate" a mare to be "covered by" a stallion.

A syndicate participant also has the right to sell that nomination. The nomination fees for champion stallions can be huge. For example, at the high end of the market, an owner selling the right to nominate a mare to be covered by the champion Northern Dancer could make up to \$800,000, Mr. Philipson said.

One of BBA's best known customers is Robert Sangster, who made his fortune by running British football pools and is believed to own 200 to 300 horses. One of

## Breeding Will Show

Share price in pence of British Bloodstock Agency since its introduction on the Unlisted Securities Market through Nov. 13.



Source: Datastream

his fillies, Royal Heroine, recently won the million-dollar purse in one of the Breeders Cup races at Hollywood Park, California. BBA primarily advises him on the purchase of horses and acts as his agent.

Another BBA client is Ravi Tikoo, who owns a fleet of oil tankers and a dozen horses. One of them, Kala Dancer, recently won the Dewhurst Stakes for 3-year-olds in Surrey, England. BBA originally bought the colt for about £11,550 (about \$14,400). But after his success at Dewhurst, estimates

of the horse's value have risen to \$15 million to \$20 million.

Formed in 1981, BBA is believed to be the world's oldest and largest established bloodstock agency.

Over the last five years the BBA Group has bought more than 850 horses destined for more than 25 countries.

Despite its international scope, BBA Group is a fairly small company. Its volume rose 14 percent through the fiscal year ending March 31, 1984, to £4.75 million, while its pretax profit gained 30 percent to £1.27 million during the same period.

Analysts said investing in BBA is less risky than buying shares in other bloodstock companies whose sole function is to breed champion racehorses, a chancey proposition under the best of circumstances. In addition to its syndicate and dealing activities, BBA insures and ships horses, researches pedigrees and manages racing and breeding interests.

"BBA has always been looked upon as the crème de la crème of the bloodstock companies," said Tom Daniels, partner of De Zoete & Bevan, a London stockbroker.

Mr. Daniels added that BBA is able to take advantage of a very buoyant bloodstock market, noting that recent prices have been extremely high. Last year, for example, at the Keeneland Summer Sales in Lexington, Kentucky, BBA bought 24 yearlings for nearly \$36 million, each horse fetching an average price of \$1.49 million. At the same sales in 1979, BBA paid \$12.36 million for 33 horses, with each yearling commanding an average \$375,000 apiece.

Although BBA is in a unique position and its investors have done well, it remains a novelty among USM stocks. With much of its revenue dependent on the swings in bloodstock prices, brokers do not usually recommend it unless clients are genuinely interested in the horse world.

When BBA was first traded on the USM, the price of its stock soared from 165 pence to 210 pence. Then in the latter half of October, brokers scrambling for its shares pushed up the price to a high of 243 pence.

With only 25 percent, or about 850,000 shares, of the company in public hands, demand outstripped supply. Analysts said this situation is typical of USM stocks where shares are often in limited supply.

Still, it has remained a fairly popular stock, and those who have bought its shares have not necessarily been wealthy, according to Jon Sachs, a partner at Sheppard & Chase, the company's brokers.

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## PROFILE

# Ben Rosen: Coexisting With A Tougher IBM

Few people have seen the technology business from as many angles as Benjamin M. Rosen. He has held corporate and research posts, written a newsletter on the electronics industry, founded his own consulting firm and capped a career as a financial analyst with a five-year stint at Morgan Stanley. During his 15 years on Wall Street, he was named the top electronics analyst six times in a row in Institutional Investor's annual rankings. In 1981, the owl analyst with a dry wit became a partner of Sevin Rosen Management Co., a venture-capital firm that has invested in 28 start-up companies. Mr. Rosen is a director in several of those companies and chairman of Compaq Computer Corp.

In an interview in his Manhattan office, he observed that the U.S. venture-capital scene has attracted an "incredible degree of interest in Europe and Japan." Key ingredients in the U.S. success, he said, have been "a very strong capital market" and "an entrepreneurial culture that makes it possible for talented engineers to leave large companies and start their own companies." On other topics:

**Question:** A lot of the technology companies that went public in 1983 ended up in difficulty and investors got burned. Has that hurt the venture-capital industry's momentum in the United States?

**Answer:** The venture-capital industry is very much alive. Just to give you a perspective, the amount of money raised in a decade has gone up from \$40 million to \$4 billion last year. A very substantial amount of new money is being raised this year. A large part of that gets invested every year in new start-ups. So, there's still quite a bit of vibrancy in the industry.

There's still some reaction in the industry to the excesses of the first half of 1983. During that period, any group that wanted to could get funded by a venture-capital firm and almost anything that wiggled could go public. So we had this excess of both the public and private markets. A lot of that excess is being worked off right now. But by and large the industry is still extremely vibrant.

**Q:** Do you think investors simply failed to grasp the risks of investing in these young companies and are now taking a more realistic attitude?

**A:** I think a lot of people have underestimated the risks, including venture-capital firms and underwriters. And certainly if we underestimate the risk, the public is even in a worse position than we are. It really has to be looked at as a lot of companies that won't do very well — because you're competing against very large companies — and a few companies that will do quite well.

**Q:** Why is that?

**A:** There's a new risk factor. A lot of the venture capitalists are into aspects of the personal-computer industry — hardware companies, software companies, networking companies, all sorts of manifestations of this new phenomenon. And this is an industry that has several hundred personal-computer hardware companies, several thousand software companies, and new companies coming all the time. That alone would be risky. But the newest factor is that IBM is beginning to predominate in the industry, has become extraordinarily aggressive, wants to compete in every aspect of it. It wants to be in hardware, wants to be in software, wants to be in networking, wants to be in retailing.

The posture is more aggressive than IBM has ever been. It's not only going into all these fields, but it's buying controlling interest in component companies that supply it, the Rolm and Intel kind of companies. It's acquiring companies and as a result many of the smaller companies that



If you just duplicate what IBM has, there's no way you can make it.

haven't had a chance to establish themselves in sales channels are having great difficulties. So this is one added factor making the industry much more difficult.

**Q:** How can a company compete in that environment?

**A:** We've shown with Compaq and with Lotus Development that if you get established with superior products you can compete. Compaq, for instance, brought out a portable computer 15 months before IBM did. Because we were established and had a better product, we're now outselling the IBM portable by a margin of better than 4 to 1 worldwide.

Similarly, Lotus in the software business well before IBM and their productivity software is greatly outselling IBM's. But if those companies were established today, for those of us in the venture-capital industry to put money in a new company that's going into a field that IBM is in, or will be in in the next year or two, is very remote. IBM is so enveloping the whole personal-computer industry, you're seeing almost no new investment by venture-capitalist firms in the personal-computer industry. I think it's going to have an absolutely stifling effect on innovation in this



Mr. Rosen in Manhattan office: 'There are new risks.'

industry because all the innovation has come from outsiders — from the Microsofts, from the Lotuses, even the Apples, the Compaqs.

The only way to compete is to have a better product and have your marketing channels established. If you just have a duplicate of what IBM has, there's no way you can make it. You don't have to sell at lower prices; we don't sell at lower prices than IBM. That strategy is a losing strategy, trying to sell just on price.

**Q:** But what about the software field now?

**A:** The software field is going the way of the hardware field now. IBM has decided three years after it went into hardware to go into software, aggressively. And you're going to see the same sort of competition here that you are seeing now in hardware.

**Q:** Does that mean that the basic question an investor should ask about a computer company is: Where does it fit relative to IBM?

**A:** Well, I think it's more so in the computer area than in the semiconductor area. I think generally you can say of all technology, and I think that one of the reasons that technology price/earnings ratios are depressed, is not only because of some of the poor performance of so many companies, but also this IBM shadow. It's done a good job of spreading FUD — Fear, Uncertainty and Doubt — not only among its competitors but also in the investment community. And the irony is not only that all the P/E ratios of all its competitors are depressed, but even IBM sells at a modest ratio now. It's almost 'a pox on all your houses.' They've spread so much FUD that it's coming back home to roost a bit. So I think that's something that investors not only should but have been looking at.

**Q:** It sounds like you are saying that there won't be as many personal computer companies around in a few years.

**A:** The reason is because most personal computers these days get sold by retail computer dealers. A computer dealer can typically support three or four, maybe five, different brands. Almost every major dealer in the U.S. carries IBM, Compaq and Apple. That leaves one or two places open. And we have 100 companies. I think what you're seeing now is the separation of IBM, Compaq, Apple as the big three.

**Q:** Isn't what you're describing just an old-fashioned battle for shelf space?

**A:** It's absolutely a battle for shelf space. It has similarities with the consumer-goods business. Unless you can get shelf space, the best you can do is like people like Digital Equipment are doing, which is largely withdrawn from retail and is focusing mostly on its own direct-sales force. And there you just have to be content with just satisfying your own mainframe customer base with personal computers.

One of the problems for a lot of those companies is that the computers aren't standard so that they have to get all the software coded over to run on that computer. It's going to be very difficult for the distribution arm of the marketplace to support many players. Tandy has its own distribution network, so they'll keep going. Then you've got IBM, Compaq and Apple.

**Q:** Any final advice to those investors sizing up computer companies?

**A:** Anybody that does should probably visit his cardiologist first.

**Q:** It's that tough?

**A:** Well, there are clearly rewards to be made. Right now there is a lot of uncertainty. The opportunities, historically, for investors to make money is to be bold during times of uncertainty. The way you lose money is you go into the euphoria such as that of 1983 and you buy companies at historic highs when optimism is rampant. During the 15 years that I was an analyst, one thing I came away with was the need to look at the market during times when everyone is pessimistic and to pick out the best companies in the field. Look at the fundamentals and ask whether this company is a survivor, does it have good strategy. And then, when everybody is saying no, you say yes.

# Appraising 2-Tier Art Market

(Continued from Page 7)

the prices will stop rising for the works that meet their criteria. It is only clear that it cannot continue indefinitely.

In the short term, say under two years, the best bet for buyers who think in extremely large sums will remain the Old Master paintings. This does not mean the greatest such as Rembrandt or Raphael. Virtually everything in that category is anchored in museums. But there are still offerings in the rank immediately below them.

A splendid buy in November was the portrait of the Duchesse de Gramont-Caderousse done in 1784 by Madame Vigée Lebrun. It is one of four or five of the best she has done and it is documented in her memoirs, "Souvenirs." The large portrait is therefore a potential target for a museum and will probably be resold far in excess of the 7.5 million francs it brought in the Paris sale.

But there are also areas worth investigating in lower brackets, from \$20,000 to \$200,000. One example is Chinese archaic bronzes. The supply was virtually cut off for 35 years and very few objects were smuggled out until a new

stream of bronzes and pottery started coming out of China about two or three years ago, according to trade sources.

In a comparable financial range, top quality furniture of the art deco period, the 1920s and early '30s, is far from having reached its maximum potential. In November, a commode by the French cabinetmaker Chanaux was auctioned at the reasonable price of 1.2 million francs. The cabinet, dated May 1925 and marked by Chanaux, was exhibited in 1925 in the epoch-making exhibition held at the Musée des Arts Décoratifs.

French and English silver of the 18th century still offers great opportunities. Bargains can be had in areas such as Dutch silver, which can be stunningly beautiful. Art nouveau and art deco silver is often ridiculously underestimated.

But those concerned with the investment potential of their purchases should proceed cautiously. Controversial fields should be avoided. Islamic art, for example, is a higher risk than Chinese art because research is far less advanced. And within Islamic art, illuminated manuscripts are less tricky than objects d'art for the same reason. Moreover, taking a

miniature is impossible, while the problem does arise in the Islamic objects d'art.

Potential markets must also be considered. Chinese art will find buyers in the United States; Japan, England, Sweden, Singapore and Hong Kong. Islamic art has incomparably fewer buyers in the West and in the East. They are almost exclusively found in the Gulf countries, whose economic power and stability does not yet compare with the United States, Japan or Britain.

In the final analysis, no beginning collector should stake money on art before acquiring experience and some serious expert advice. It is never just a matter of knowing what sells. The buyers must be able to form his own judgment as to the condition of the work of art, even though salesrooms assure their clients that they will oblige with a condition report on request. Assessing condition alone requires considerable experience. It is a major factor in determining the value of any work of art.

The writer is a regular columnist for the International Herald Tribune.

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## Investors Flee Eurobonds

(Continued from Page 13)

underwriters who made a 1-percent commission and bought the notes at 99.

-Republic of New York offered \$150 million of notes due in 2007 with interest set at 1/2-point over three-month Libor. The maturity was considered too long and the bank not well known enough.

-The offer was also applied to Rothschild Continuation Finance's \$75 million of notes due in 2015. Critics said managers should have taken both borrowers on a rating show, introducing and explaining them to potential investors.

-The Rothschild paper, whose interest is pegged to the three-month Libor, ended the week at 98.35 (as did Republic's), well below the low price at which underwriters acquired the paper.

Underwriters were also losing money on Marine Midland's \$150 million issue and National Bank of Detroit's \$100-million offering.

The exception was the Abu Dhabi-based Bank, whose ownership plan includes the major industrialized countries. ENEL, Italy's state electricity utility, First Boston and National Commercial Bank of Saudi Arabia. These issues traded at prices that were well within their commissions paid underwriters.

In the Euroyen market, controversy flared last week, with some underwriters balking at the 1/8-percent commission proposed by Daiwa Securities on the 20-billion-yen issue for the World Bank.

Critics argued that the fees on the 10-year bonds should be 1/8 percent, while Daiwa maintained that the World Bank has always paid 1/4 percent to market Euroyen bonds. The bonds are expected to be offered at 99 1/2 bearing a coupon of 6 1/4 percent and ended the week at a discount of 1/4 points.

Analysts interpret the yield difference between the World Bank paper and the Goodyear Tire & Rubber Co. (12.5 billion-yen, 10-year) bonds sold at par with a coupon of 6 1/4 percent as evidence that the major buyers of Euroyen are Japanese rather than international investors.

The Goodyear paper, quoted at a 1/2-point discount, ended the week yielding 7.09 percent, compared with 6.95 percent for the World Bank. The analysts say that Euro-bond investors traditionally prefer corporate paper over supranational issues while Japanese investors prefer supranationals.

A good example of this was offered by Gillette, which sold 125 million Deutsche marks of seven-year notes at par, bearing a coupon of 7 percent. By contrast, the Intercontinental Development Bank's 200 million DM of 10-year bonds at par bearing a coupon of 7 1/2 percent.

Two DM issues this week, for Commodore and the European Investment Bank, will complete the current calendar. Bankers will meet Thursday to set new-issue schedules for the coming month.

Sales in					Net				
100s	High	Low	Close	Ch'ge	100s	High	Low	Close	Ch'ge

## Diesel Sales Fall in U.S.

**Los Angeles Times Service**

**NEW YORK** — The New York Stock Exchange is circulating questionnaires among its member companies, large institutions and other interested parties to ask if they would like the current six-hour trading day increased, and an expansion change is likely next year, exchange officials say.

"There probably will be an expansion at some time but we don't know now what form it will take," Richard Torrenza, a Big Board vice president, said Friday. "We're talking to all people who would be affected to see if the added business on the day would justify the extra costs involved."

Industry sources say that expansion from the present 10 a.m. to 4 p.m. most likely would take the form of starting the trading day 30 minutes earlier and ending it 30 minutes later.

The NYSE set up a committee to look into longer trading hours after rumors circulated earlier this year that it favored instituting round-the-clock trading. Although 24-hour trading in New York is unlikely, it would be possible for some stocks with international following to be traded by different exchanges in the different time zones throughout the day.

Lisa Kravitz, a spokesman for the American Stock Exchange, said that if the NYSE expanded trading hours, "in all probability" it would follow their lead.

James Gallagher, president of the Pacific Stock Exchange, said "The presidential Election '84 year was the toughest one I've stayed open for the first day in history on a presidential election day and every other election day in behind. If the New Exchange expands its hours by an hour, all those other (exchanges) will be at least one hour behind."

Mr. Gallagher added that the Pacific Stock Exchange stays open 30 minutes before and after the NYSE closes, would have to if it would keep that exchange open.

**For the Week Ending Dec. 7, 1984**

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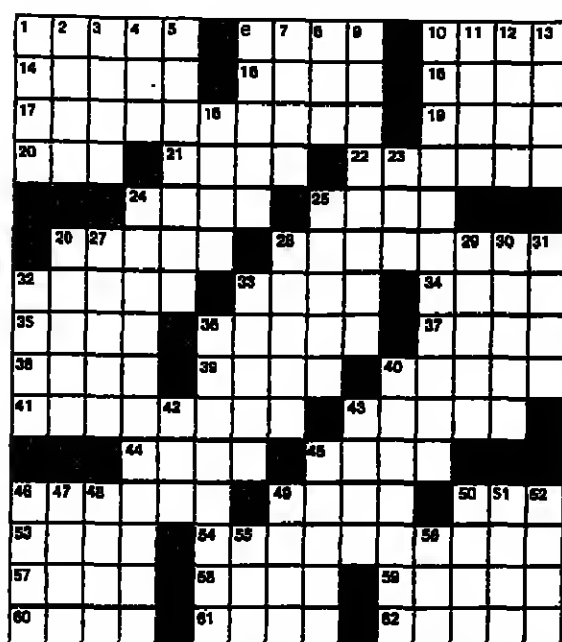




## Over-the-Counter

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10 Predicaments  
14 Actress Verducci  
15 Porter or Portman  
16 Monad  
17 She played the Palace  
19 Roy Rogers's wife  
20 Demolition team's explosive  
21 Narrative  
22 Metalious' "Place"  
24 Two-wheeled vehicle  
25 Hind's mate  
26 Composition  
28 Poe poem  
32 Jolop  
33 Male guinea pig  
34 San —, Italy  
35 Powers or Wagner role  
36 Allen's partner at the Palace  
37 Majors and Grant  
38 River into the Ouse  
39 "More, With Feeling," 1960 film  
40 Hearn's co-star at the Palace
- 41 Site of a famous rock  
43 Colorful garden flower  
44 Adjective suffixes  
45 Dry — the  
46 "A — the wife..."  
49 Habes corpus, e.g.  
50 Tokyo, formerly  
53 Roman cat.  
54 She played the Palace  
57 Balcony's rich cousin  
58 "Nil — bonum"  
59 — the Titanic's 1980 film  
60 Evil look  
61 Suffix with luncheon  
62 Scoff
- DOWN  
1 Dexterous  
2 Ladd  
3 Outlet  
4 Hostel  
5 Postdawn period  
6 He played the Palace  
7 Pa. city  
8 Incite to attack  
9 Emblems of authority  
10 She played the Palace
- 11 Med. subject  
12 Venus de  
13 British carbine  
14 Set for 300, e.g.  
23 Where the malleus is  
24 She played the Palace  
25 Role played by  
26 Down  
28 Lag behind  
29 Houdini who played the Palace  
28 Fierstein's "Trilogy"  
29 Swerves  
30 — board  
31 Intrusive  
32 Crack  
33 Baseball plays  
36 French port  
40 Tormentors  
42 Bit for Dobbo  
43 Not pub.  
45 Gopher Palmer  
46 Rogers who played the Palace  
47 Sioux Indian  
48 Sheldon's — of Angels  
49 She played the Palace  
50 Adams from Pa.  
51 Sedate, in a way  
52 Standout  
53 Humor  
54 Fied

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## DENNIS THE MENACE



"IS IT ALL RIGHT TO INTERRUPT SOMEONE WHEN NOBODY'S LISTENING?"

## JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SHWIK

DARAW

SYPEDE

NEEGIN

Answer here: HIS

Friday's Jumbles: YACHT STOOP MATURE POLICY

Answer: From alphabets one could achieve this — "LITHE ACTS"

## WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	18	8	Beijing	25	15
Amsterdam	15	10	Bombay	28	22
Antwerp	12	8	Buenos Aires	25	18
Bari	17	12	Calcutta	30	25
Bombay	28	22	Chongqing	18	12
Boston	45	35	Guangzhou	25	18
Buenos Aires	25	18	Hankow	15	10
Calcutta	30	25	Harbin	12	5
Chongqing	18	12	Hong Kong	28	22
Guangzhou	25	18	Kobe	22	15
Hankow	15	10	London	12	8
Harbin	12	5	Los Angeles	65	55
Hong Kong	28	22	Manila	28	22
Kobe	22	15	Medan	30	25
London	12	8	Osaka	25	18
Los Angeles	65	55	Shanghai	18	12
Manila	28	22	Singapore	28	22
Medan	30	25	Taipei	22	15
Osaka	25	18	Tokyo	15	10
Shanghai	18	12			
Singapore	28	22			
Taipei	22	15			
Tokyo	15	10			

## PEANUTS



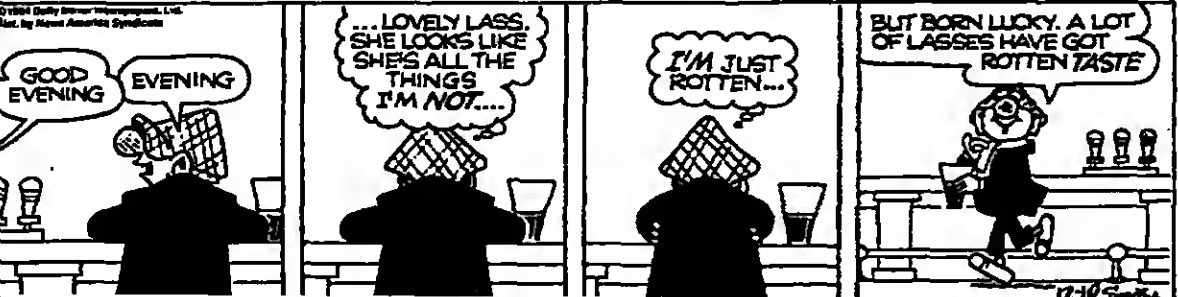
## BLONDIE



## BEETLE BAILEY



## ANDY CAPP



## WIZARD of ID



## REX MORGAN



## GARFIELD



## BOOKS

## FATE KEEPS ON HAPPENING: Adventures of Lorelei Lee and Other Writings

By Anita Loos. 293 pp. \$16.95.  
Dodd, Mead, 79 Madison Avenue.  
New York, N. Y. 10016.

Reviewed by John Gross

THE last of Anita Loos — the phrase has a sad ring to it. But it is preposterous, as Lorelei Lee herself might have said, that all good things must come to an end, and "Fate Keeps on Happening" gives every sign of being a final offering from the pen of Lorelei Lee's creator. It consists of 43 short pieces, written between 1926, the year following the first appearance of "Gentlemen Prefer Blondes," and 1981, the year Anita Loos died. A dozen of them have never appeared in print before; the remainder have been rescued from varying degrees of obscurity.

The opening section is given over to some memories and reflections from the later career of Lorelei Lee. She reveals one or two techniques a girl can use to get her gentleman friend to buy her a fur coat; they go back to "The Old Times, before Minks got mutated," but no doubt they still do the trick. She describes, with considerable relish, how she outwitted "Mr. Bugie Lazarus, the famous literary agent" (names have evidently been changed to protect the innocent). And writing from Detroit, where she now holds court as the wife of an auto manufacturer, she chronicles her earlier marital achievements.

Her marriage to a wealthy Philadelphia called Spofford was "terminated by having to live with him in Philadelphia." Then, since every girl should allow herself the privilege of one mistake, she married an Argentine "whose only visible means of support was sex appeal" (and even though she made sure he couldn't rely on her for more than bed and board and pocket money, "it was a relief to learn how quickly he became obnoxious").

Yet Lorelei remains a romantic soul. After all, romance is the line of business she is in — as Anita Loos says, she is "an imperious part of soft lights and soft touches" — and it is in the same of romance that she writes a letter to Dr. Kinsey complaining about his report on "Sexual Behavior in the Human Female."

This is one of the funniest and most pointed pieces in the book. Her initial indignation — Kinsey's neglect of romance gives way to the consoling thought that "as soon as everybody

reads those 343 pages, they are going to be so fed up on sex that they will very quickly revert to Human Females of the sentimental type like I," and it is hard to resist the conclusion that she is at least as scientific in her approach as the doctor is. She ends by inviting him to look her up if he is ever in New York.

Here as elsewhere Lorelei's charm depends on the artfully artless style in which she rattles along, and on the mistakes and malapropisms which make her say so much more than she intends.

In the best of the episodes narrated by Lorelei in "Fate Keeps on Happening" the irony resides in the situation no less than the style. "A Bachelor's Dilemma," one of the previously unpublished pieces, is the story of a man about town who, in his mid-40s, found that his health was giving way. First he was forbidden to drink, then he was forbidden to go to disco, and "when the doctor told him that he even had to give up women, he realized the time had come for him to make some nice girl happy." But in trying to choose a bride he was hopelessly torn between Kay, who kept praising him for his manly good looks, and Winona, who paid constant tribute to his intellect. How could he be sure who was the one he really cared for? Readers are left to work out the satiric moral for themselves.

Along with the Lorelei sketches, "Fate Keeps on Happening" includes a couple of essays recalling how "Gentlemen Prefer Blondes" came to be written and how it was turned into a musical. But all this amounts to less than a quarter of the book. The remainder consists of light magazine essays, reminiscences of Hollywood, some portraits of friends and acquaintances, ranging from Audrey Hepburn to Albus Huxley, and a novella that was serialized in Harper's Bazaar in the 1920s entitled "Why Girls Go South."

Very little of this material is on the same level as the opening section, and in reprinting some of the minor pieces the editor is scraping the proverbial barrel. Still, the chitchat is quite amusing, as chitchat goes, and it is at any rate a hazy spectacle to see the author in her 80s assailing her juniors with such vigor, inveighing against "the creepy exhibitionism of such show-offs as Joan Baez and Yoko Ono" and deploring "the grim miasma of Jane Fonda and Shirley MacLaine."

As for "Why Girls Go South," it is an entertaining Jazz Age cario — the story of a New York debutante who nearly goes off the rails in Palm Beach but finally picks the appropriate kind of mate for a girl whose father is the head of one of Manhattan's most prominent families, the Bares. (The last time he was sober was just before his graduation from Harvard in 1886), and whose mother boasts an even prouder pedigree — before her marriage she was a van Tassel ("and much too good for a Revell"). Mrs. Henry Spofford of Philadelphia, a.k.a. Lorelei Lee, makes a brief but pleasing appearance.

John Gross is on the staff of The New York Times.

## Americans Spend More Time on Arts

NEW YORK — Americans lost an average of eight leisure hours a week over the past decade, but they're spending more of their shrinking free time — now 18.1 hours a week — on such cultural activities as movies, concerts and plays, a survey by the National Center for the Arts shows.

## BRIDGE

By Alan Truscott

ON the diagrammed deal, North was able to take advantage of an aggressive opening by West. His second take-out double forced a heart bid from his partner, and he raised to game. He was confident not only that the club ace and the diamond king were both on his right, but also that his partner held at most one spade.

West's spade bid and East's raise had tipped off the distribution of that suit. Without those inferences the game would have been a much less attractive proposition.

South made short work of the play after winning the opening spade lead with the ace and ruffing a spade. He finessed the diamond queen successfully, ruffed another spade and led a club toward dummy's king. He could not be prevented from ruffing dummy's last spade to make his contract. The defense could only score the trump queen and a trick in each minor suit.

West's initial tactic, often called "bidding on cheese," will sometimes catch an opposing mouse. But in a strong game the cheese-bidder often winds up in the mousetrap.

NORTH  
♠ A 10 9 7  
♥ A K 10  
♦ A Q 10  
♣ K 2

EAST  
♠ K J 3 2  
♥ Q J 7 4  
♦ J 7 4  
♣ 9 7

SOUTH  
♠ 4  
♥ 10 9 8 3  
♦ 9 5 6 3  
♣ J 6 5 4

Both sides were vulnerable. The bidding:  
South: 1♣, 2♦, 3♥, 4♠.  
West: 1♠, 2♥, 3♦, 4♣.  
East: 1♥, 2♦, 3♣, 4♠.  
North: 1♠, 2♥, 3♦, 4♣.

## A Weekend of Upsets in World Cup Skiing

DAVOS, Switzerland — Frenchwoman Corinne Guignard overhauled Swiss World Cup champion Erika Hess with a powerful second heat charge Sunday to score her first-ever World Ski Cup victory by winning the slalom race.

It was a weekend of upsets on the women's circuit with Switzerland's Brigitte Oertli and Traudl Haecher also posting first-time successes. Oertli captured Sunday's combined event, based on the results of the slalom and Saturday's giant slalom, which Haecher won in an upset.

West German Haecher, whose career nearly ended in a fall in 1982, emerged from the 54th starting position to win take Saturday's giant slalom.

And Italian Robert Erbacher scored his first victory in a cup race by edging two other newcomers in a men's giant slalom Saturday in Puy-St-Vincent, France.

It was the first victory in the 21-year-old Haecher's five-year career and the first points she has earned since 1982, when she damaged a knee in a downhill accident. "I just could not believe it at first," she said. "Only when my teammates rushed forward to congratulate me did I realize what had happened."

Switzerland's Maria Walliser was the apparent winner with a time of 1 minute, 52.14 seconds. She was being congratulated when Haecher flashed down the course in 1:50.33, an astounding 1.81 seconds faster than Walliser. By comparison, the next 10 finishers were separated by only 1.47 seconds.

Haecher, whose best previous cup finishes had been a pair of sixths, headed a banner day for the West German team. Martina Kiehl finished third in 1:52.15 and took the overall World Cup lead with 35 points, teammates Michaela Gerg, Irene Apple, Karin Deller and Her-

di Weisler finished sixth through ninth.

The Swiss also exhibited team strength with Oertli finishing fourth in 1:52.39, defending overall champion Hess claiming 10th in 1:53.25, Catherine Anderer finishing 11th and Heidi Zurbiggen earning 12th after starting 91st.

The 21-year-old Erbacher, who had a second and three other top-five finishes in giant slalom to his credit, negotiated two runs in a combined 2:30.13.

Switzerland's Martin Hangl, whose best previous giant slalom result was a fourth, took second in 2:30.34. Richard Pramotton of Italy, a second-year cup participant who until last week had never been better than 10th, was third in 2:30.40.

Sweden's Ingemar Stenmark, who counts 42 giant slalom victories among his record cup 79 victories, was 18th after the first run and failed to finish the second. It was the second time in as many races this season that Stenmark has not completed two runs.

Marc Girardet of Luxembourg went out on the first run, but retained his lead in the overall standings with 45 points. Erbacher was second with 42, three ahead of the defending overall champion, Pirmin Zurbriggen of Switzerland.

Although victory eluded Hess, her seconds in both the slalom and the combined catapulted her to the top of the standings with 57 points. She was followed by Oertli with 48, Kiehl with 42 and Haecher with 40.

One skier who could have given Guignard and Hess a scare on Sunday was American Tamara McKinney, who was about to post the fastest time in the first heat, but hooked a ski in one of the final gates and crashed. She had registered the fastest intermediate time, but conceded, "I risked a little too much maybe. But you cannot win without a little bit of risk."

Winner Haecher: "I just could not believe it."



## Independiente Wins Club Soccer Title, 1-0

Goalkeeper Carlos Goyen punched the ball away from Liverpool's Ian Rush (light jersey, left) to help preserve a 1-0 victory for Independiente in soccer's World Club Cup title match Sunday in Tokyo. The Argentines' goal was scored by Jose Percudani in the sixth minute; the 19-year-old forward broke away from the defense at midfield, dribbled down the center and sidestepped goalkeeper Bruce Grobelaar to score on a diagonal left-footer into the right-hand corner. The competition between Europe and South America's top clubs has been won by South America for five consecutive years.





## SPORTS

## Evert and Wilander Win Finals of Australian Open



Chris Evert Lloyd: 'Still hungry.'

Compiled by Our Staff From Dispatches

MELBOURNE — Chris Evert Lloyd captured her 16th career grand-slam title Saturday with a 6-7, 6-1, 6-3 victory over Helena Sukova of Czechoslovakia in the women's final of the Australian Open tennis championships.

On Sunday, Mats Wilander of Sweden needed almost three hours to overcome the powerful serve of South African Kevin Curren to retain his men's crown. Wilander, the tournament's second seed, struggled back from a first-set loss to defeat the ninth-seeded Curren, 6-7 (5-7), 6-4, 7-6 (7-3), 6-2.

Evert took control of a one-hour, 59-minute match in the second set, playing superbly from the baseline while the aggressive, big-serving Sukova floundered.

Seeded second, Evert had received an unexpected boost when the ninth-seeded Sukova defeated defending champion Martina Navratilova in their semifinal match Thursday.

Evert, 29, had won a grand-slam title every year since 1974, but this year she had been runner-up to Navratilova in the big four's other three events — the French Open, Wimbledon and the U.S. Open. "Helena probably did the dirty work for me by beating Martina," she said. "Facing her would have been very hard. I don't know how I would have done."

But Evert's record still seemed in some jeopardy at the beginning of Saturday's match. After dropping serve to open the encounter, Sukova broke right back and kept the pressure on until the tie breaker, which Sukova won, 7-4.

But Evert then switched on the power and surged home. The turning point came when she broke for a 3-1 lead in the second set, as the 19-year-old Sukova's serve began to falter. Sukova double-faulted twice in the fourth game; 9 of her set's total of 13 double faults came in the final two sets.

"It has been a great week for me, but I am still disappointed I lost," said Sukova. "Chris just started to pass me so much better — she just hit so many passing shots down the line or just a couple of inches away from the line."

"It was a strange match," Evert said. "Maybe I was a little nervous because the pressure was on me. I felt I was struggling throughout the first set. But as soon as I got a break up in the second set, she said, 'I felt more comfortable.'"

Evert is now 9-0 in her career against Sukova.

Evert said she was a bit disappointed that she had not won the title by defeating Navratilova. "I suppose it was a bit of an anticlimax, but I fought that feeling. I wanted to still be hungry."

Evert's victory, No. 1,003 of her

career, was her 16th major title. She has won six U.S. Opens, five French Opens, three Wimbledon and two Australian Opens. She won her previous Australian title in 1982.

Curren's big serve saw him through the first set, bringing him back from a love-4 deficit in the tie breaker, but Wilander took over by breaking for the first time in the third game of the second set to lead, 2-1. Wilander clinched the set in another tie breaker and then broke Curren twice more in the fourth set.

The finalists had never met in tournament play before. Curren, bothered by a recurring ankle injury in his semifinal match against

Ben Testerman, had hoped that the tournament's grass courts would provide him the best stage for beating Wilander.

After the match, Wilander, primarily known as a clay-court specialist, said, "I feel pretty good — I've certainly changed my attitude to grass. I know I can play pretty well on it now."

The 20-year-old Swede, who captured his third grand-slam title, returned serve superbly — particularly in the decisive set. His low, dipping returns forced Curren into numerous volley errors.

Wilander said the only time he felt in danger was in the third set, when Curren served at 5-3. "I lost control a little, and when he served

for the set I thought I was in trouble," he said. "But after the tie breaker I thought I should win it."

Wilander, who defeated Ivan Lendl here last year to win the first major grass-court title of his career, played efficiently but unexcitingly. The first set was tight, with both players unable to convert break points into service breaks.

Wilander lives by the maxim, "It's better to end the match well than start it well." And he certainly ended stronger. He broke Curren in the third game of the second set and went on to take it, 6-4, in 34 minutes.

There were six third-set breaks, but it still went to a tie breaker at 5-3. Curren had served for the set at 5-3

and failed to capitalize. This time, Wilander made no mistake, taking it 7-4.

The Swede broke Curren in the fourth and eighth games of the fourth set to seal the victory.

Wilander and countryman Joakim Nyström lost the men's doubles final Saturday to American Sherwood Stewart and Australian Mark Edmondson, 6-2, 6-2, 7-5.

In the women's doubles final, Martina Navratilova and Pam Shriver beat Helena Sukova of Czechoslovakia and Claudia Kohde-Kilsch of West Germany, 6-3, 6-4. It was the winners' 82d consecutive doubles victory and their seventh straight grand-slam crown. (AP, UPI)

## Australia Completes Rugby Grand Slam

Compiled by Our Staff From Dispatches

EDINBURGH — Australia made rugby history with a 37-12 rout of Scotland here Saturday. The flashy victory — by four tries, three conversions and five penalty goals, to three penalty goals for Scotland — completed Australia's first-ever grand slam of four test victories on a British Isles tour.

Captain Andrew Slack's Wallabies, on tour since mid-October, trounced England, 19-3, Ireland, 16-9, and Wales, 28-9.

Their 100 points in the four British Isles tests are an all-time record, bettering 87 points scored by the British Isles under today's scoring conventions tallied by South Africa in 1951-52.

In addition to setting test scoring records in Edinburgh — the highest Australian score and biggest Australian winning margin against an International Board member — the fourth test was a victory for attacking style. Slack's squad proved that free-flowing, crowd-pleasing, running rugby can win.

Four times on the tour Australia took on British and Irish forwards at their accustomed power game, more than held its own and unleashed its superior backs to pile up the points.

Prop Enrique Rodriguez, hooker Tom Lawton, locks Steve Culler and Steve Williams and No. 8 Steve Tynan were outstanding again Saturday, gradually securing

the platform at scrums, lineouts, mauls and rucks from which scrumhalf Nick Farr-Jones, a 22-year-old revelation, and flyhalf Mark Ella launched brilliant attacks.

On defense, too, the 1984 Wallabies continued to give lessons. Scotland was unable to score a try. The tally for the four tests ended at 12 tries for Australia in only one for the opposition — scored by Wales.

In 18 four-test tours by the Southern Hemisphere powers starting in 1905, only South Africa in 1912-13 (15 tries to 1) and 1951-52 (15-3) has done better.

There was hope in Scotland that goal-kicking could beat Australia, and fullback Peter Dods did succeed with all four of his penalty attempts (wing Peter Steven failed once). But here too the visitors did better: Center Michael Lynagh went five-for-five.

With three conversions out of four attempted, Lynagh totaled 21 points for the day, equalling the Australian record of Paul McLean and setting an all-time Australian individual record of 42 points for a test series.

Following a scrum, left wing David Campese raced to an early try at the receiving end of a string of quick passes from Farr-Jones to Ella to fullback Roger Gould to center Slack.

Dods' kicking kept Scotland in the game, narrowing Australia's edge to 12-9 at half-time. Two more Lynagh penalties and Dods' last made it 18-12.

It was Ella who opened the floodgates in the third quarter, feeding Gould on a burst and following up to take Gould's return pass and score. That gave Ella a try in each of four tour tests — another all-time first.

Farr-Jones zoomed across the vacant middle of a two-man lineout to take a chesty throw-in from Lawton and barge across for Australia's third try: 23-12. Lynagh soon kicked his fifth penalty.

Scotland now was attacking frantically, but to no point. Peter Grigg, overtaking a Scottish attack on his right wing, intercepted and sent the ball back cross-field to Campese; he interposed with a galloping Tynan, got the ball for a final time and outran everyone. The conversion made it 37-12.

Only once in 192 tests at home, starting in 1871, has Scotland suffered a greater setback — a 44-0 defeat by South Africa.

Two final challenges remain on Australia's 18-match tour. In Wales on Wednesday, at Pontypool, the reserve team faces Britain's set of set forwards. And in Cardiff on Saturday the Barbarians — virtual British Isles all-stars, plus French reinforcements — will try to restore European pride.

The grand slam hoists Australia into fourth place in the world rankings (based on each country's last 10 tests) behind South Africa, France and New Zealand and ahead of Scotland, Wales, Romania, Ireland, Argentina and England. (Reuters, UPI, IHT)

## 49ers Equal Victory Mark in 51-7 Rout of Vikings

The Associated Press

SAN FRANCISCO — Joe Montana's 44-yard scoring pass to Dwight Clark got the San Francisco 49ers rolling toward their 14th victory, which tied a National

## NFL SATURDAY

Football League regular-season record, and he threw for two more touchdowns Saturday in a 51-7 rout of the Minnesota Vikings.

The 49ers (14-1) raced to a 31-7 lead by halftime and gave Montana and several other starters the rest of the day off while running up the team's highest point total since 1965. The Vikings (3-12) went down to a fifth consecutive defeat.

The 49ers, with an eight-game winning streak, will go after a record-breaking 15th regular-season

triumph when they face the Los Angeles Rams Friday night. Montana completed 15 of 21 passes in his two periods of action Saturday. He opened the scoring by hitting Clark, who broke free down the middle of the field, at the goal line eight minutes into the game.

Later in the first period, Montana flipped a three-yard TD pass to Freddie Solomon. In the second quarter, Renaldo Nehemiah scored on a 59-yard pass play and Wendell Tyler ran 5 yards for a score.

Tyler's 36 yards rushing on 13 carries gave him a club-record 1,230 for the season, breaking the mark of 1,203 yards set by Delvin Williams in 1976.

Archie Manning, the Viking starting quarterback, left the game in the first period after being shak-

ed up on a sack, the first of six registered by the 49ers.

Wade Wilson, who took over for Manning, directed an 84-yard scoring drive in the second period; Darin Nelson ran five yards for the touchdown. The Vikings reached the San Francisco 1-yard line in the final minute of the game but failed to score.

The 49ers failed to get a first down on their first offensive possession of the game but scored nine of the next 10 times they had the ball.

Ray Werschling kicked field goals of 41, 25 and 38 yards. His six extra points gave him a string of 104 without a miss.

Reserves Derrick Harmon and Bill Ring ran for touchdowns in the last quarter.

Harmon, the rookie from Cornell, finished with 56 yards to lead all San Francisco rushers. Nehemiah, the world-record hurdler, caught six passes for 125 yards in his finest game since switching to football from track three years ago.

The last time the 49ers scored more than 51 points was in a season-opening, 52-24 victory over the Chicago Bears in 1965.

Jets 21, Bills 17

In East Rutherford, New Jersey, Ken O'Brien ignited New York with a 39-yard touchdown pass to Wesley Walker in the third period and the Jets got the winner on Tony Paige's 3-yard run in the fourth to add a six-game losing streak with a 21-17 victory Saturday over Buffalo.

The Jets improved their tie to 7-8 with one game remaining while the Bills dropped to 2-13, the worst record in the NFL.

Until the Jets got moving late in the game, they generally played lackluster football despite rookie safety Russell Carter's two sacks of Buffalo quarterback Joe Dufek and an interception.

The Jets, trailing 17-7 at the half,

## 2 Soviet Weightlifters Fined On Drug Charge in Canada

Compiled by Our Staff From Dispatches

ST. JEROME, Quebec — Two Soviet weightlifters on their way to an international competition in Toronto were fined in Sessions Court late Friday for possession of 12,000 anabolic steroid pills.

Anatoli Pissarenko, 26, and Alexander Koulouic, 23, were arrested Thursday at Mirabel Airport after customs officers searched their luggage. They were charged with illegally having in their possession, for the purpose of selling, methandrostenolone (dianabol).

Used by some athletes to increase strength artificially, anabolic steroids are banned in international competition. The distribution of methandrostenolone is controlled in Canada; it is produced in pill form in Europe and cannot be imported without a license. Reports said the drugs seized were worth \$10,000 on the black market.

Pissarenko was sentenced to a \$300 fine or 15 days in jail, and Koulouic was given a sentence of \$500 or one month in jail. A spokesman for the External Affairs Department said Soviet officials contended the athletes used the drug for training purposes.

The two were among five Soviet weightlifters who planned to take part in a superheavyweight competition in Toronto Dec. 10. Pissarenko, 26, holds the world jerk record at 265 kilograms (584 pounds).

Four Canadian weightlifters were arrested for illegally importing anabolic steroids in October 1983 as they returned home from the world weightlifting championships in Moscow. One was convicted but placed on probation and another was acquitted. The cases of the other two have not yet come to court.

(AP, UPI)

## Celtics Down Depleted Nets

Compiled by Our Staff From Dispatches

EAST RUTHERFORD, N.J. — A glance at the New Jersey Nets Saturday night — at the start of the game, three injured players in street clothes — told you it would be tough enough against Boston. And when two more Nets went down in the second quarter it became virtually impossible.

All of which made things all the easier for Larry Bird, who scored

37 points as the Celtics posted their 12th victory in 13 games with a 107-98 triumph.

Elsewhere it was Chicago 99, Dallas 97; Milwaukee 99, Indiana 96; Phoenix 102, Golden State 98; Houston 127, Portland 120, and Denver 114, Cleveland 108. On Friday it was Detroit 122, Denver 115; Atlanta 101, the Los Angeles Clippers 89; Philadelphia 122, the Los Angeles Lakers 116; Chicago 95, New York 93; Phoenix 121, Kansas City 113, and San Antonio 117, Seattle 114.

"Mike O'Koren, Darwin Cook,

## Nelson Takes WBC Crown

United Press International

SAN JUAN, Puerto Rico (UPI) — Azumah Nelson of Ghana punched away the World Boxing Council featherweight on an 11th-round technical knockout here Saturday.

Nelson finished off the Puerto Rican with a left hook followed by a right to the chin. Gomez fell face-up in the middle of the ring and was struggling to his feet as referee Oscar Meyran of Mexico stopped the fight. Gomez was ahead on two of the three judges' cards.

The new champion is 21-1 with 15 knockouts, failing to 42-2-1 (40 knockouts). Gomez was making his first defense of the crown he won last March against Juan Laporte.

It was Nelson's second attempt to take the featherweight crown, having lost a dramatic 15th-round knockout against the late Salvador Sanchez of Mexico. Nelson was ahead in that fight until Sanchez caught him in the final round.

Larry Playfair, Gilles Hamel and Brent Peterson scored Saturday to lift Buffalo to only its second record of the year. After a scoreless first period, the Sabres took the lead on Playfair's first goal of the season at 3:59 of the second period. The lead went to 2-0 at 5:49 of the third when Hamel picked up a loose puck at center ice and fired a 25-foot power shot past goalie Pete Peeters.

Tom Fergus halved the margin 1:37 later, but when Peeters was pulled with 28 seconds left, Peterson tallied an empty-netter.

Larry Playfair, Gilles Hamel and Brent Peterson scored Saturday to lift Buffalo to only its second record of the year. After a scoreless first period, the Sabres took the lead on Playfair's first goal of the season at 3:59 of the second period. The lead went to 2-0 at 5:49 of the third when Hamel picked up a loose puck at center ice and fired a 25-foot power shot past goalie Pete Peeters.

Tom Fergus halved the margin 1:37 later, but when Peeters was pulled with 28 seconds left, Peterson tallied an empty-netter.

Meanwhile, it was Buffalo 3, Boston 1; Hartford 4, the New York Islanders 3; Philadelphia 4, New York Rangers 2; Quebec 7, New Jersey 3; Montreal 9, Los Angeles 7; Pittsburgh 6, Calgary 4; Vancouver 3, Edmonton 2, and Toronto 3, St. Louis 3. On Friday it

## Sabres Tie Record for Tight-Lipped Bowman

United Press International

BOSTON — On the day he tied the National Hockey League record for coaching victories, Scotty Bowman wasn't in a talking mood. "Congratulations — yeah," he said as he stalked off after the Buffalo Sabres' 3-1 victory over the Boston Bruins here Saturday.

Bowman, who guided the Montreal Canadiens to five Stanley Cups during the 1970s, has a career mark of 690-285-198 over 16 seasons; the 690 victories tie the record held by Dick Irvin, who coached Chicago, Toronto and Montreal from 1930 to 1955.

Bowman was tight-lipped as he left the Boston Garden, but before the game he did talk about the

## NHL FOCUS

received credit for wins when he wasn't behind the bench and didn't get credit for other wins when he was.

Meanwhile, it was Buffalo 3, Boston 1; Hartford 4, the New York Islanders 3; Philadelphia 4, New York Rangers 2; Quebec 7, New Jersey 3; Montreal 9, Los Angeles 7; Pittsburgh 6, Calgary 4; Vancouver 3, Edmonton 2, and Toronto 3, St. Louis 3. On Friday it

## SCOREBOARD

## Basketball

## NBA Standings

## EASTERN CONFERENCE

## Atlantic Division

## W L Pct. GB

## Boston 17 2 89.5

## Philadelphia 16 3 86.9

## Washington 14 7 46.4

## New York 12 9 40.9

## New Jersey 11 10 39.1

## Central Division

## W L Pct. GB

## Milwaukee 13 9 59.1

## Chicago 13 9 59.1

## Indiana 12 10 54.5

## Atlanta 12 10 54.5

## Cleveland 10 12 45.5

## Western Conference

## Midwest Division

## W L Pct. GB

## Denver 13 9 59.1

## Houston 13 9 59.1

## San Antonio 10 10 50.0

## Dallas 10 11 45.5

## Utah 10 11 45.5

## Kansas City 4 14 22.2

## Pacific Division

## W L Pct. GB

## L.A. Lakers 12 9 57.1

## Portland 12 9 57.1

## Phoenix 12 9 57.1

## Golden State 10 11 45.5

## Seattle 7 14 33.3

## Friday's Results

## W L Pct. GB

## New York 34 33 50.7

## Washington 33 34 49.3

## Philadelphia 32 35 47.9

## Boston 31 36 46.4

## Detroit 30 37 44.9

## Cleveland 29 38 43.4

## Chicago 28 39 41.9

## Milwaukee 27 40 40.4

## San Antonio 26 41 38.9

## Dallas 25 42 37.4

## Houston 24 43 35.9

## Phoenix 23 44 34.4

## Utah 22 45 32.9

## Kansas City 21 46 31.4

## Denver 20 47 29.9

## Portland 19 48 28.4

## Golden State 18 49 26.9

## Seattle 17 50 25.4

## Phoenix 16 51 23.9

## Dallas 15 52 22.4

## Houston 14 53 20.9

## San Antonio 13 54 19.4

## Cleveland 12 55 17.9

## Chicago 11 56 16.4

## Milwaukee 10 57 14.9

## Detroit 9 58 13.4

## Washington 8 59 11.9

## Boston 7 60 10.4

## Philadelphia 6 61 8.9

## Golden State 5 62 7.4

## Seattle 4 63 5.9

## Phoenix 3 64 4.4

## Dallas 2 65 2.9

## Houston 1 66 1.4

## San Antonio 0 67 0.0

## Cleveland 0 68 0.0

## Chicago 0 69 0.0

## Milwaukee 0 70 0.0

## Detroit 0 71 0.0

## Washington 0 72 0.0

## Boston 0 73 0.0

## Philadelphia 0 74 0.0

## Golden State 0 75 0.0

## Seattle 0 76 0.0

## Phoenix 0 77 0.0

## Dallas 0 78 0.0

## Houston 0 79 0.0

## San Antonio 0 80 0.0

## Cleveland 0 81 0.0

## Chicago 0 82 0.0

## Milwaukee 0 83 0.0

## Detroit 0 84 0.0

## Washington 0 85 0.0

## Boston 0 86 0.0

## Philadelphia 0 87 0.0

## Golden State 0 88 0.0

## Seattle 0 89 0.0

## Phoenix



